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LIVESTOCK AND MEAT Situation

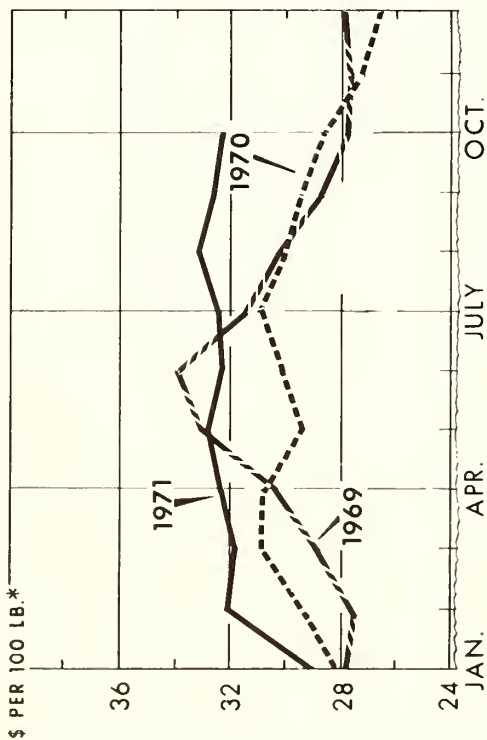
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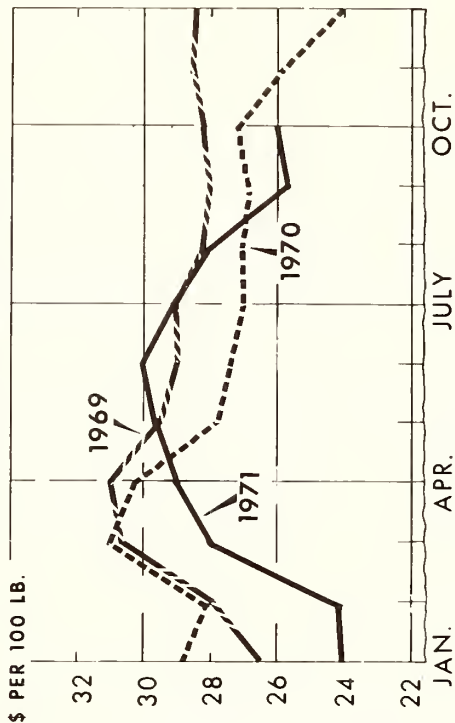


SLAUGHTER STEER PRICES



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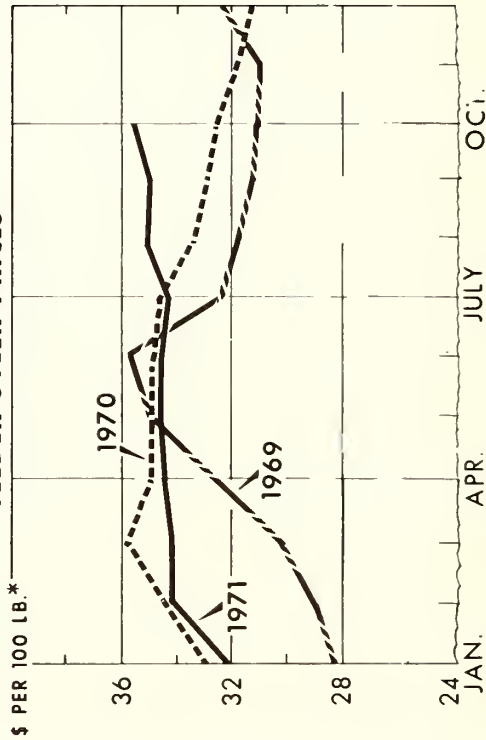
SLAUGHTER LAMB PRICES



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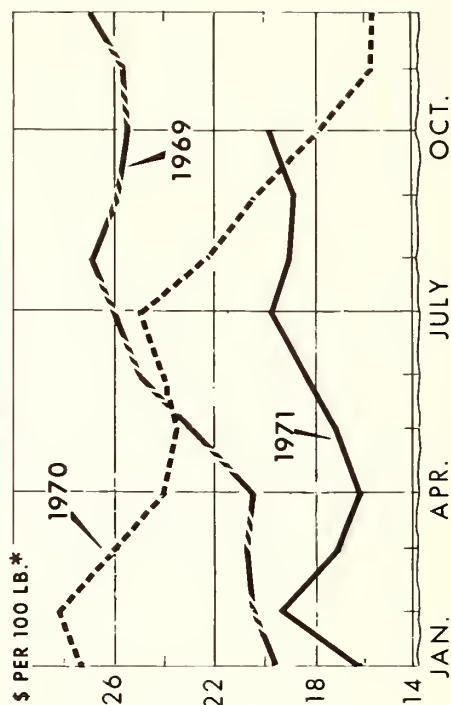
FEEDER STEER PRICES



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HOG PRICES



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LIVESTOCK AND MEAT SITUATION

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Approved by
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and Summary released
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SUMMARY

Red meat output will increase about 4 percent this year, but will likely be about the same in 1972 despite large feed grain supplies. Smaller production of pork, lamb, and veal will probably about offset a moderate increase in beef output.

The record 1971 corn crop and lower feed grain prices will encourage meat production. In the short term, livestock producers will be tempted to feed finished animals to heavier weights because feed costs will be lower and costs of replacement cattle higher. In the longer term, the more favorable animal-feed price relationships next year will encourage increased output, but this will not boost slaughter supplies substantially until after 1972.

The Nation's cattle herd is expanding again this year. The inventory is increasing more sharply in 1971 than in other recent years. Next year's beginning cattle inventory may be up 3 million head or more. Beef animals will account for all of the gain, providing the potential for larger cattle slaughter in the years ahead.

Fed cattle marketings likely will hold close to the year-earlier pace this fall and then increase some in the winter. Prices will probably run steady to strong through the fall and into winter, reflecting a moderate seasonal reduction in fed beef supplies and strong consumer demand for beef. Choice steers at Omaha in early November were \$32.75 per 100 pounds, about \$5 above a year ago.

Fed cattle marketings in the first half of 1972 probably will run moderately above January-June this year, with the increase widening toward midyear. Winter prices are expected to average above a year earlier when Choice steers at Omaha were \$31. Some weakness is likely in the spring as supplies of finished cattle rise above winter levels.

Seasonally large numbers of feeder cattle heading for feedlots in the fall often weaken feeder cattle prices, but they have held up well this fall. Sharply lower feed prices and a higher fed cattle market have increased the demand for all feeder classes and weights. Prices may well remain strong in the months ahead.

Cow slaughter during January-September was up 5 percent, following a sharp reduction in 1970. The expanding cow herd and drought in the winter and spring in the Southwest were responsible for the increase in cow slaughter. Next year, cow slaughter will likely be larger again, in keeping with the increasing cow herd.

Cow prices firmed in the summer and ran above a year earlier. Strong demand for beef and a 4 percent drop in beef imports so far this year have helped maintain the cow market. Prices likely will decline some into winter but then rise again seasonally in late winter and spring, staying mostly above year-earlier prices.

Calf slaughter was down 9 percent in the first 9 months this year and probably will continue down this fall and in 1972. Prices have gone up this year and should be as high or higher next year.

Hog slaughter this fall will be down a little from a year earlier and prices will run well above last year's fourth quarter average of \$16.40 per 100 pounds for barrows and gilts at 7 markets. With the sharp drop indicated in number of sows farrowing in the Corn Belt in June-November 1971, hog slaughter in the first half of 1972 will drop further below a year earlier. Prices will advance into summer, running well above January-June

1971 prices, and hog-feed price ratios will be sharply higher than in the first half of this year. Based on indicated supplies, the 1972 summer high for barrow and gilt prices likely will be well above the \$20 high for 1971 and near the 1970 summer weekly peak of \$25.40.

The inventory of sheep and lambs is declining again this year at an accelerated rate. And some further inventory reduction is likely next year.

Lamb slaughter may be down in 1972 following the unusually large slaughter this year. Even though 1971's beginning inventory was down and the lamb crop was 4 percent smaller, sheep and lamb slaughter in 1971 is totaling about the same as in 1970. Seasonal fluctuations in lamb prices have been nearly normal in 1971 and prices have averaged near 1970 when Choice lambs at San Angelo were \$27.45 per 100 pounds. With less lamb, but more beef, lamb prices in 1972 are expected to follow the usual seasonal pattern and to run close to 1971 prices.

SITUATION AND OUTLOOK

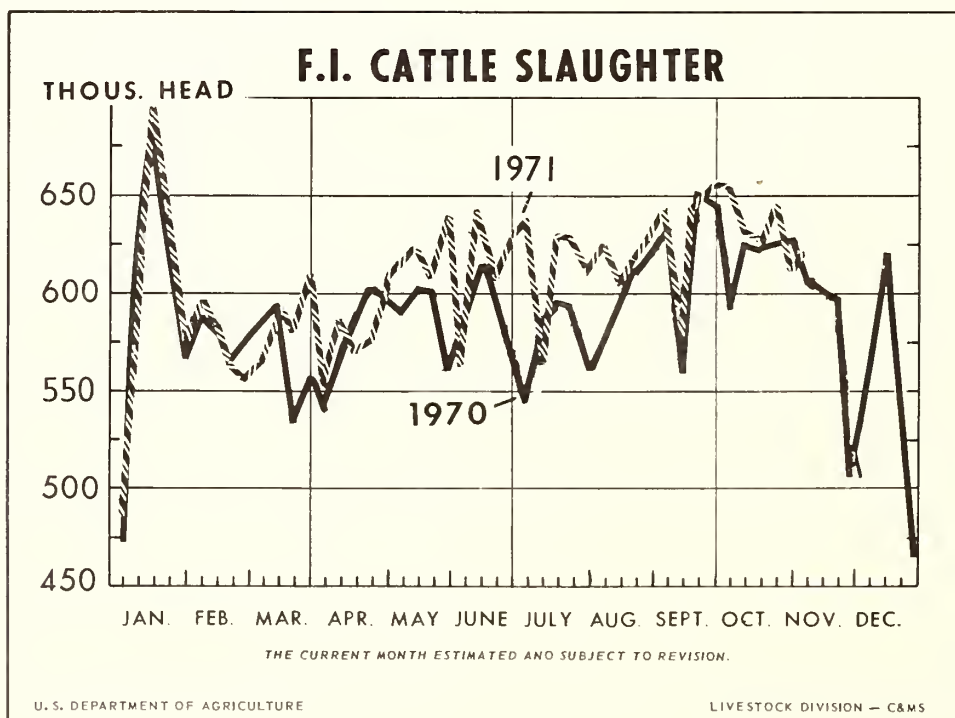
CATTLE

Commercial cattle slaughter so far in 1971 has been up about 2 percent. Steer, heifer, and cow slaughter have all increased. Fed cattle marketings were up only 1 to 2 percent in the first half, and about 3 percent in the third quarter. Cattle slaughter this fall and in the first half of 1972 likely will continue near or above a year earlier.

Fall Marketings Like Last Fall

There were 2 percent more cattle and calves on feed on October 1 than a year earlier. Western feedlots accounted for all of the increase, up 9 percent. Corn Belt feeders had 3 percent fewer animals on feed. This regional pattern has prevailed since last fall.

Cattle feeders plan to market 1 percent fewer cattle during October-December than in these months last



FED CATTLE MARKETINGS, BY QUARTERS

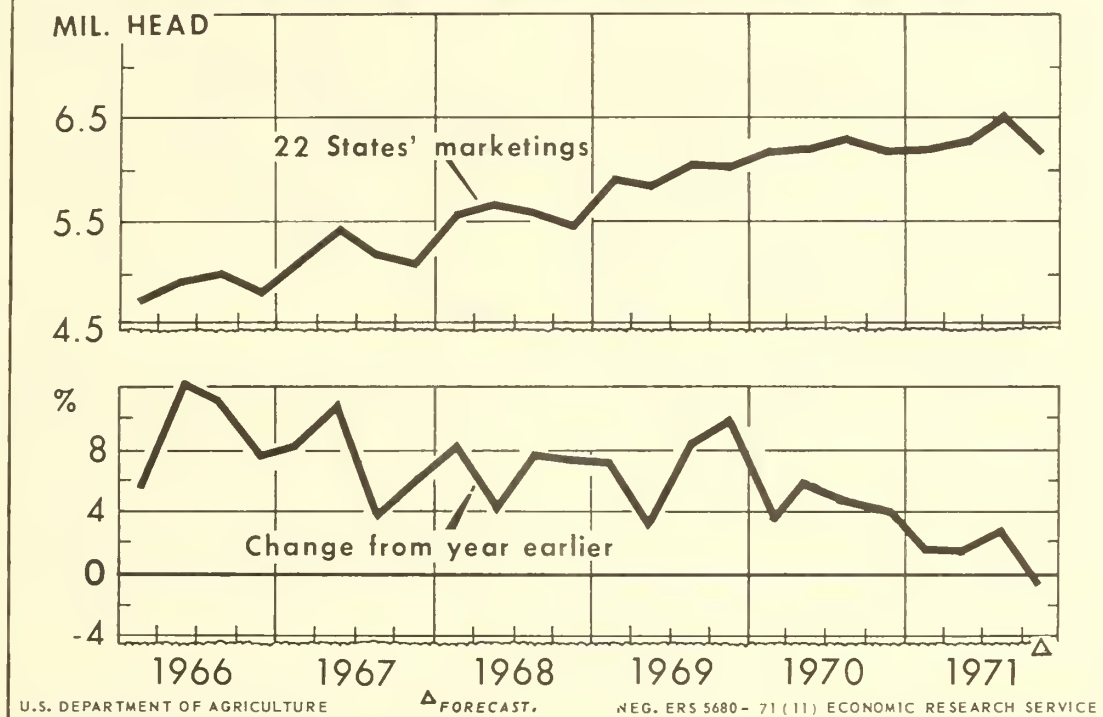


Table 1.—Cattle and calves on feed in 22 States, October 1, by regions

Item	1969	Change from 1968	1970	Change from 1969	1971	Change from 1970
	<i>Thousand head</i>	<i>Percent</i>	<i>Thousand head</i>	<i>Percent</i>	<i>Thousand head</i>	<i>Percent</i>
North Central States						
East	1,164	+6.5	1,191	+2.3	1,147	-3.7
West	4,521	+2.4	4,455	-1.5	4,338	-2.6
Total	5,685	+3.2	5,646	-0.7	5,485	-2.9
Texas and Oklahoma	1,560	+43.6	1,647	+5.6	1,851	+12.4
Other Western States	2,858	+10.5	2,849	-0.3	3,040	+6.7
Total	10,103	+10.1	10,142	+0.4	10,371	+2.3

year. Western feeders plan to market 10 percent more cattle, but this would be more than offset by a 9 percent reduction in the Corn Belt.

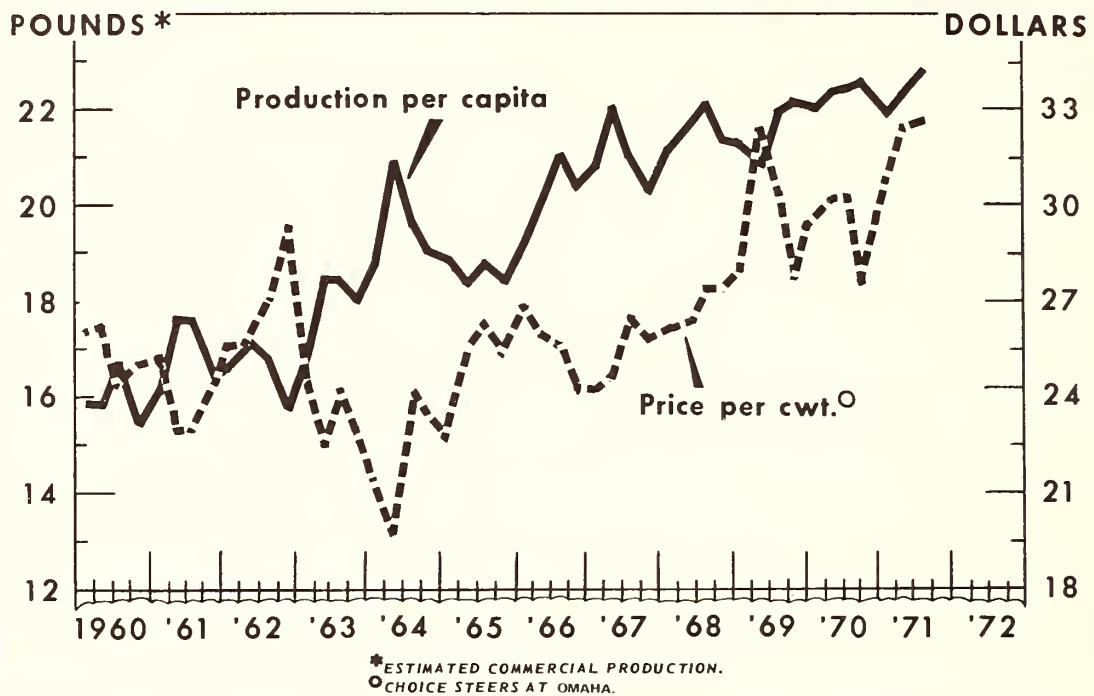
Cattle feeders will have to market more cattle this fall from the lighter weight groups if fall marketings are to approach year-earlier levels. On October 1, there were 8 percent fewer animals on feed in the combined total of steers weighing over 900 pounds and heifers weighing over 700 pounds. These animals typically supply about three-fourths of the fed cattle marketed during the fall. However, feedlots held 11 percent more lighter weight steers and heifers that usually supply the bulk of winter marketings. Thus, if marketings are to equal intentions

this fall, cattle feeders will be marketing cattle as soon as they reach the desired degree of slaughter finish. Market weights in the spring and summer, were lighter than in 1970.

Prices Steady To Strong

Choice steers at Omaha in early November were about \$32.75 per 100 pounds. This was about 65 cents below August highs, but still about \$5 higher than the weak prices in the fall of 1970. Fed cattle prices likely will hold generally steady to strong during the remainder of the fall and in the winter.

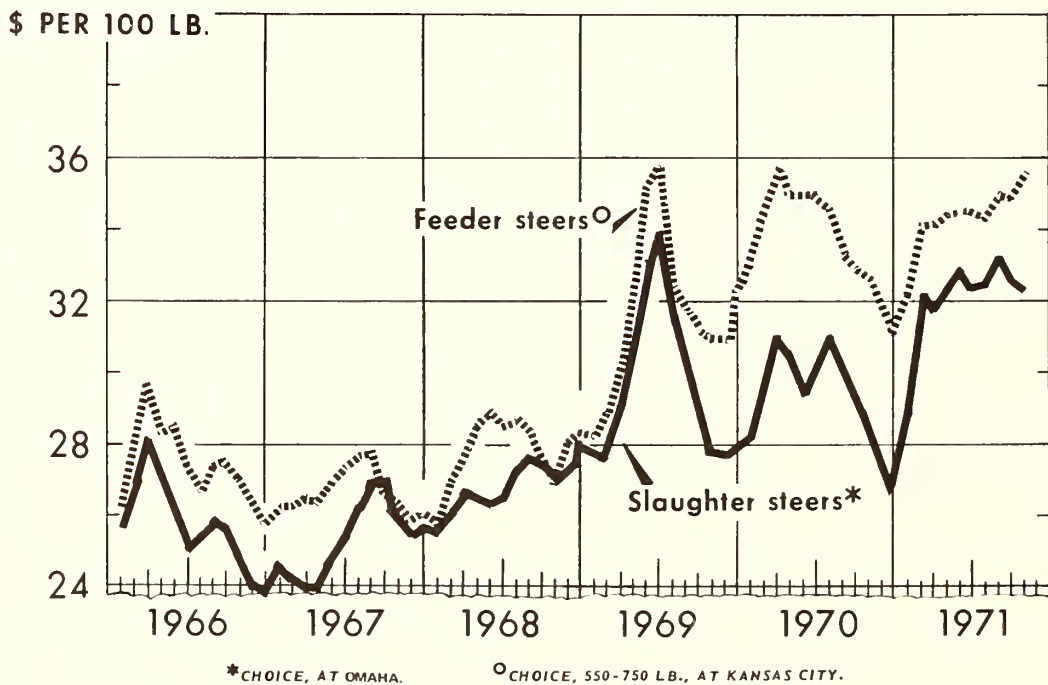
STEER AND HEIFER BEEF PRODUCTION AND PRICES



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STEER PRICES



U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 4321-71 (11) ECONOMIC RESEARCH SERVICE

Choice steer prices per 100 pounds, Omaha

Month	1969	1970	1971
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
January	27.82	28.23	29.11
February	27.63	29.30	32.23
March	29.00	30.97	31.81
April	30.41	30.64	32.44
May	33.18	29.52	32.88
June	33.99	30.29	32.39
July	31.56	31.12	32.44
August	30.40	30.14	33.24
September	28.77	29.32	32.62
October	27.72	28.67	32.34
November	27.67	27.21	
December	27.98	26.71	
Average	29.66	29.34	

There are several factors behind this price forecast. Fed cattle marketings likely will be close to year-earlier levels this fall, but then rise moderately above in the winter. Broiler output will be up moderately. Pork output, although seasonally large, is running below the unusually high levels of a year ago. Sharper reductions in pork output compared with a year earlier are anticipated during the winter. And consumer demand for meat is likely to remain strong.

Fed cattle prices rose rapidly in early 1971 to about \$32.50 per 100 pounds in mid-February. Since then prices have generally run between \$32 and \$33.50. Markets will remain fairly firm through the winter, but some price weakness is likely in the spring as larger supplies of fed cattle come to market.

Wholesale and retail beef prices were near the ceiling levels during the 90-day freeze which ended in mid-November. With only limited increases in beef output and strong consumer demand for meat, decisions by the price commission during Phase II could affect animal prices, especially cattle. For example, ceiling prices on beef could indirectly restrain prices paid to producers for cattle even though prices of live cattle remain exempt from direct control.

Average liveweight of Choice steers at Omaha

Month	1970	1971
	<i>Pounds</i>	<i>Pounds</i>
January	1,135	1,148
February	1,146	1,150
March	1,148	1,139
April	1,154	1,132
May	1,147	1,142
June	1,136	1,127
July	1,116	1,096
August	1,102	1,082
September	1,093	1,094
October	1,099	1,103
November	1,115	
December	1,132	
Year	1,128	

More Fed Cattle In First Half 1972

Fed cattle marketings in the first half of 1972 likely will run moderately above January-June shipments this year. There were more cattle on feed in early fall in weight groups that usually are marketed in the winter, and fall placements are expected to be substantially larger than in October-December 1970.

Last fall, placements were down 6 percent because cattle prices were declining while feed costs were rising. The 1970 corn crop was small, reflecting blight damage and dry weather in the Western Corn Belt. Grain prices rose rapidly last fall and then continued high until about midsummer this year. Corn Belt cattle feeders reduced October-December 1970 placements 9 percent and fed at somewhat reduced levels through the first 3 quarters of 1971.

The situation for cattle feeders is considerably different this fall. The 1971 corn crop is a record and prices have tumbled. Also, the larger feeder cattle supply this fall can provide substantially more placements on feed in the months ahead. This year's beef calf crop is up about 4 percent and there is a large number of young animals available for feeding. Thus, with an adequate supply of replacement cattle and a generally strong cattle market, cattle feeders likely will place more cattle on feed during the fall and winter. This would boost fed cattle marketings in the first half of 1972, especially during the spring.

The feeding alternatives of livestock producers are also a little different this year. Many livestock producers will choose cattle to consume the large supply of grain on hand because the feeder pig supply is down. The 1971 fall pig crop is about 8 percent smaller this year and the December 1971-February 1972 pig crop likely will be reduced substantially.

With plenty of low-priced feed, cattle feeders may be tempted to feed cattle to somewhat heavier weights in 1972. This will be especially true if feeder cattle prices continue strong as seems likely. Heavy cattle would add further to the beef supply and dampen cattle prices.

Feeder Cattle Prices Stay Strong

Choice feeder steers at Kansas City, 550-750 pounds, are currently about \$36.50 per 100 pounds. This is \$4 to \$5 per 100 pounds higher than a year ago and about \$2 higher than during the spring and summer when prices typically are seasonally high.

Prices of feeder cattle this fall have not declined as they usually do, even though this year's calf crop is larger. Demand for feeder cattle has been very strong because of declining feed prices, a higher fed cattle market, and good grazing conditions this fall. Also, cattle feeders have expanded lot capacity in recent years.

Cattle feeders for the past several years have been paying a higher price per pound for replacement cattle than they have received for the same cattle when sold for slaughter. Cattle feeders can make money despite the negative price margin during feeding because of the value

Current fed cattle prices per 100 pounds, compared with feeder cattle prices 5 months earlier

Year	Fed cattle ¹	Feeder cattle ²	Margin
	Dollars	Dollars	Dollars
1970			
January ...	28.38	31.76	-3.38
February ..	29.30	31.29	-1.99
March	30.99	31.15	-.16
April	30.79	31.12	-.33
May	29.57	32.38	-2.81
June	30.36	32.83	-2.47
July	31.12	34.44	-3.32
August	30.09	35.85	-5.76
September ..	29.21	35.01	-5.80
October ...	28.47	35.00	-6.53
November ..	27.22	34.92	-7.70
December ..	26.82	34.54	-7.72
1971			
January ...	29.10	33.28	-4.18
February ..	32.18	32.86	-.68
March	31.89	32.66	-.77
April	32.41	31.79	+.62
May	32.86	31.28	+1.58
June	32.35	32.20	+.15
July	32.44	34.24	-1.80
August	33.10	34.26	-1.16
September ..	32.58	34.46	-1.88
October ...	32.22	34.52	-2.30
November ..			
December ..			

¹ Choice steers at Omaha, 900-1,100 pounds. ² Choice steers at Kansas City, 550-750 pounds.

over feed costs of the weight added in the feedlot. A plus factor this year is that feed prices are down sharply.

With a very strong demand for feeder cattle, feeder cattle prices are expected to continue generally strong in the months ahead even though the supply of feeder cattle is up. Prices typically rise during the winter to a late spring high after the seasonally large market movement is past. However, prices have not dipped this fall, so 1972 spring prices may show little if any increase.

Feeder cattle prices per 100 pounds, Kansas City

Month	Choice feeder steers 550-750lb.		Choice feeder steer calves	
	1970	1971	1970	1971
	Dollars	Dollars	Dollars	Dollars
January ..	32.83	32.20	36.82	36.18
February ..	34.44	34.24	38.55	38.48
March	35.85	34.26	39.74	38.17
April	35.01	34.46	39.40	38.62
May	35.00	34.52	40.61	39.19
June	34.92	34.52	41.48	39.15
July	34.54	34.36	41.24	39.10
August ...	33.28	35.18	39.50	39.36
September	32.86	34.97	38.66	39.33
October ..	32.66	35.64	37.60	39.95
November .	31.79		36.08	
December .	31.28		35.49	
Average .	33.70		38.76	

The steer-corn price ratio has risen this fall to about 28 (Omaha basis) and is the highest since records have been kept. It is up from about 20 last fall and it will likely get even higher in the next few months.

Inventory Gains Are Boosting Slaughter Potential

Fed cattle marketings in the second half of 1972 will depend to a considerable extent on the number of cattle placed on feed during the first half of 1972. Placements in the first half are expected to be up because the cattle inventory is rising and cattle-feed price relationships now generally favor expanded feeding.

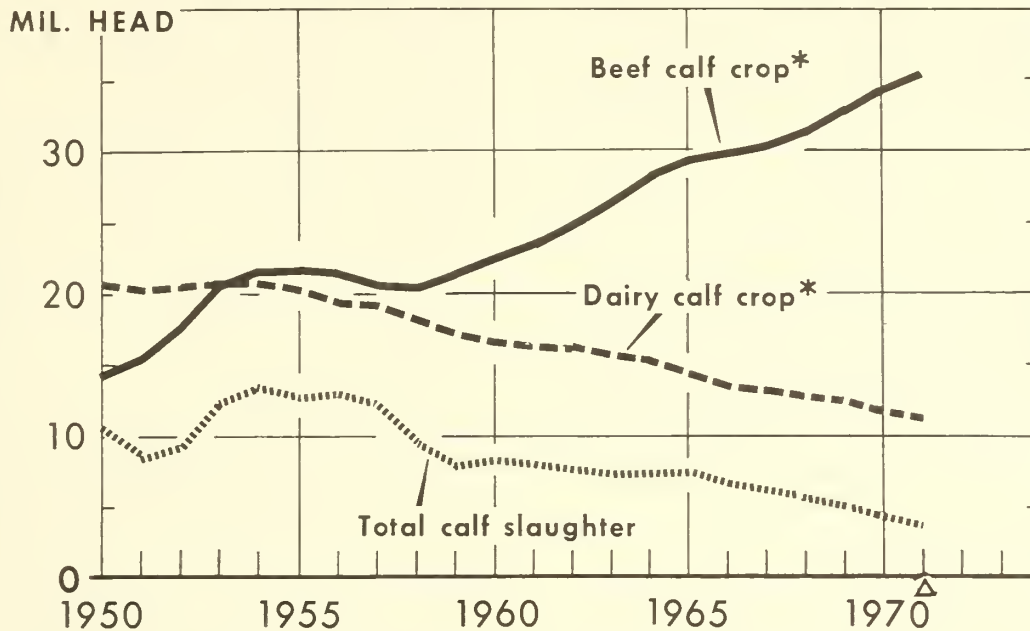
In each of the past 2 years, the inventory of cattle and calves on farms and ranches has risen about 2¼ million head. And on January 1, 1971, there were 114.6 million. After taking into account this year's 2.5 percent larger calf crop, smaller imports of live cattle, and allowing for animals removed from the inventory

Table 2.—Number of cattle and calves on farms January 1, calf crop, number slaughtered and imports, United States, 1958 to date

Year	Number on farms January 1		Calf crop	Imports	Number slaughtered		
	Cattle and calves	Cows and heifers that have calved			Cattle	Calves	Total
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1958	91,176	42,790	38,860	1,152	24,368	9,738	34,106
1959	93,322	42,680	38,938	709	23,722	8,072	31,794
1960	96,236	43,325	39,416	663	26,029	8,615	34,644
1961	97,700	44,045	40,180	1,043	26,471	8,080	34,551
1962	100,369	45,086	41,441	1,250	26,911	7,857	34,768
1963	104,488	46,399	42,268	852	28,070	7,204	35,274
1964	107,903	47,868	43,809	547	31,678	7,632	39,310
1965	109,000	48,780	43,928	1,128	33,171	7,788	40,959
1966	108,862	47,990	43,526	1,100	34,171	6,861	41,032
1967	108,645	47,510	43,765	752	34,295	6,107	40,402
1968	109,152	47,710	44,239	1,039	35,414	5,613	41,027
1969	109,885	48,085	45,196	1,042	35,574	5,010	40,584
1970	112,303	48,982	45,926	1,168	35,354	4,204	39,558
1971	114,568	50,002	¹ 47,092	² 900	² 36,100	² 3,900	² 40,000
1972 ³	117-118						

¹ Preliminary. ² Estimated. ³ Forecast.

CALF CROPS AND CALF SLAUGHTER



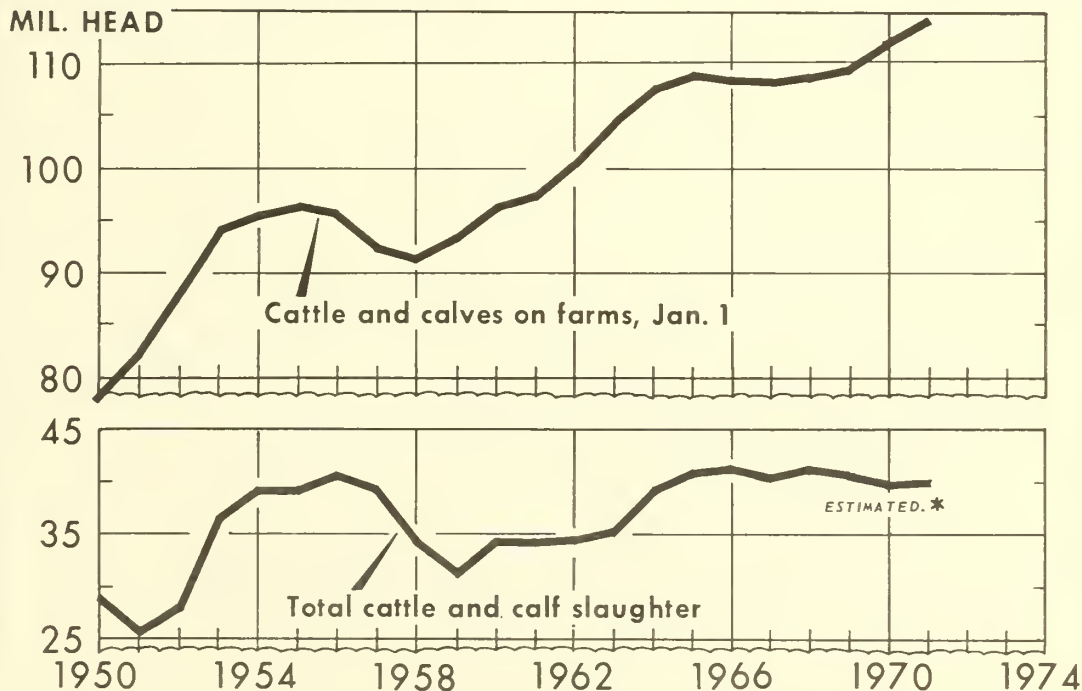
*BEEF AND DAIRY CALF CROPS ESTIMATED FROM BEEF AND DAIRY COWS ON FARMS.

U. S. DEPARTMENT OF AGRICULTURE

△ ESTIMATED

NEG. ERS 6516-71 (11) ECONOMIC RESEARCH SERVICE

CATTLE INVENTORY AND SLAUGHTER



U. S. DEPARTMENT OF AGRICULTURE

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through slaughter and other death losses, the inventory may be increasing at a faster pace than in either 1969 or 1970. Next year's beginning inventory may be up 3 million head or more with most of the increase in beef cows and young beef animals, while the dairy herd will likely be down again.

Thus, there is good potential to increase cattle slaughter during the next several years. Not only are more animals on farms, but the calf crop is becoming larger in relation to the number of cattle and calves slaughtered. With this situation, cattle slaughter would have to rise substantially before inventory gains would be stopped.

Strong demand by stockmen for heifers to go into the expanding beef herd will continue to affect the makeup of the feeder cattle supply next year. But inventory gains this year appear large enough to support both larger placements of heifers on feed and larger withholding of beef heifers for some further herd expansion next year.

Cow Slaughter Stays Above 1970

Cow slaughter so far this year has been up about 5 percent, following the sharp reduction in 1970. The increase has been rather general throughout the country. However, drought last spring in the Southwest stimulated the movement to slaughter at that time. Range conditions are good now but cow slaughter this

fall likely will continue to run a little larger than a year earlier.

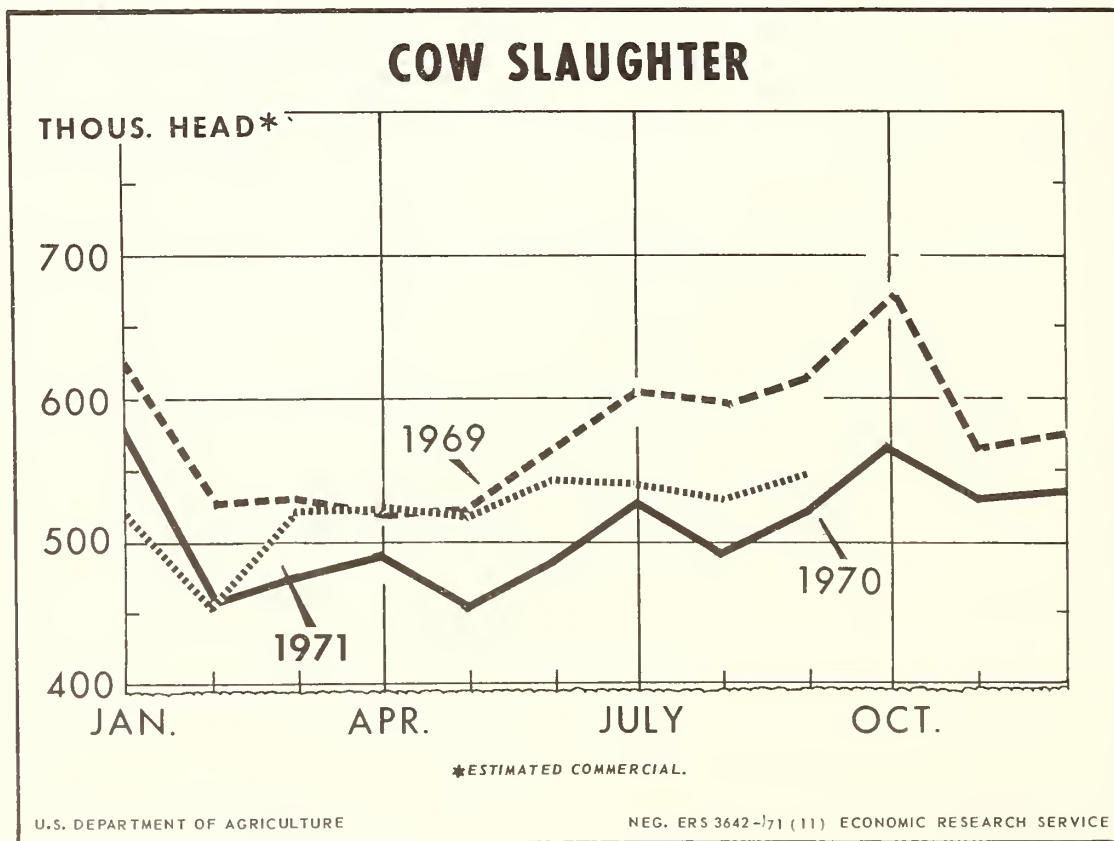
Cow slaughter in 1972 may again be up a little. The total cow herd has been increasing in recent years, but cow slaughter in 1970 and 1971 has been low in relation to the total number of cows on farms.

In 1967, cows accounted for about 20 percent of all cattle slaughtered. Since then the herd has risen from 47.5 million head to 50.0 million. But cow slaughter is lower than in 1967 this year and is accounting for only 17.5 percent of total cattle slaughter.

Weather conditions next year will play an important part in the timing of movement to slaughter. Also, cow slaughter during the spring may be smaller than it was this past spring when drought was influential. But, with an expanding cow herd, some increase in cow slaughter is likely in 1972.

Cow prices have been strong the past several months. In early November, Utility cows at Omaha were about \$21.50 per 100 pounds, \$2.20 higher than a year earlier. Prices likely will decline somewhat into the winter, but then increase in late winter and spring. In the first half of 1972, cow prices probably will average above January-June 1971 when they were \$21.50.

Imports of beef were off 4 percent during the first 9 months of this year and may remain smaller this fall, particularly if the dock strike is prolonged. Reduced imports probably are helping to hold cow prices above a year ago.



Utility cow prices per 100 pounds, Omaha

Month	1969	1970	1971
	Dollars	Dollars	Dollars
January	17.22	20.93	19.98
February	18.53	22.18	20.98
March	20.12	23.24	22.03
April	20.64	23.23	21.48
May	21.92	22.64	22.30
June	21.90	22.58	22.03
July	21.32	20.85	21.68
August	21.26	20.48	21.72
September ...	20.96	21.13	21.84
October	20.21	20.84	22.30
November ...	19.31	19.04	
December ...	20.10	18.77	
Average ...	20.29	21.32	

Calf Slaughter Declines

Calf slaughter is off again this year—running about 9 percent less than a year earlier. It likely will continue at a substantially reduced level this fall and then decline further in 1972.

Most of the calves slaughtered are dairy calves. Dairy cow numbers have been dropping in recent years and a further small decline is underway this year. Thus, with the strong demand for feeder cattle this fall and winter and a reduced 1971 dairy calf crop, calf slaughter likely will trend lower.

Prices of vealer calves are higher than last fall. Choice grade vealers at South St. Paul averaged \$45.80 per 100

pounds through October—about 50 cents above a year ago. Prices increased contraseasonally in September and remained steady in October. With prospects for a continued decline in veal supplies next year and a sharp drop in pork output, vealer prices in the first half of 1972 likely will continue above a year earlier and be generally high in relation to other animal prices.

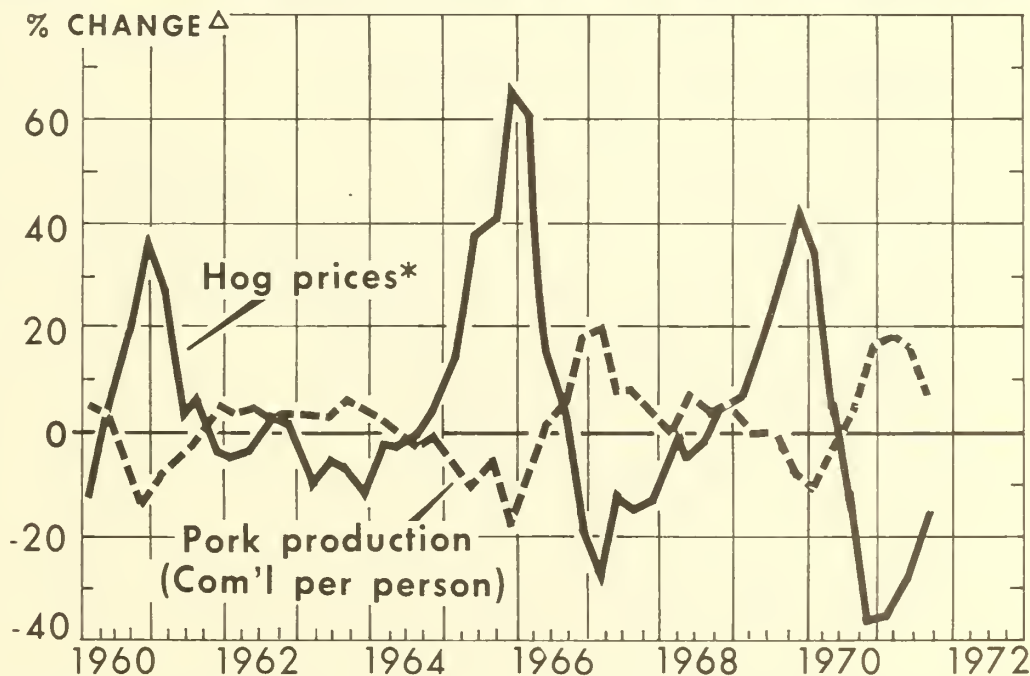
HOGS

1971 Slaughter Substantially Larger

Commercial hog slaughter in 1971 will total about 95 million head, 10 percent more than in 1970. Most of the increase (about 85 percent) came in the first half when the 18 percent larger 1970 fall pig crop was marketed. Increases in slaughter rates tapered off in the summer, and fall slaughter is running under a year earlier. Unusually large pork production in late 1970 and early this year pushed hog prices to the lowest level in several years. This, along with high corn prices, brought the hog-corn price ratio down to around 11 in late 1970 and early 1971. Producers began reducing the number of sows bred which cut the March-May pig crop 3 percent.

The increase in pork production in 1971 will push pork consumption to around 72 pounds per person, about 6 pounds more than in 1970 and the largest per capita consumption in nearly 20 years. All of the increase has already occurred.

CHANGES IN HOG PRICES AND PORK PRODUCTION



U.S. DEPARTMENT OF AGRICULTURE

* BARROWS AND GILTS AT 7 MARKETS.

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Fall Slaughter Down, Prices Above Last Fall

Hog slaughter in the first half of 1971 was up 20 percent. During the summer, slaughter ran only 8 percent above a year earlier. In October, however, weekly hog slaughter dipped a little below a year earlier. Slaughter will continue below for the balance of the year because the March-May pig crop was down 3 percent.

Hog prices since midyear have not varied much, ranging mostly between \$18 and \$20 per 100 pounds for barrows and gilts at 7 markets. An unusual rise in price in late summer and early fall lifted prices above \$20 in October. By early November barrows and gilts had slipped back to \$19, about \$1 below the summer high and \$3 above a year earlier. Although slaughter is expected to run below a year earlier this fall and winter, it will be seasonally large. Hog prices will likely strengthen in the winter and average \$2 to \$3 above a year earlier.

First Half 1972 Slaughter To Be Down

On September 1 there were 6 percent fewer hogs on farms in 10 States in weight groups that will be slaughtered this fall. Corn Belt producers cut farrowings 10 percent during June-August and reported plans for an 11 percent cut in September-November.

Most of the pigs born during June-November are marketed in the first half of the following year. Hog slaughter in the first half of 1972 may not be down as much as Corn Belt production changes alone would indicate. Producers in other States may not be cutting back as much as Corn Belt producers. Also, more pigs

per litter may be saved this fall. The number of pigs saved rose to 7.25 pigs per litter during June-August, up about 1 percent from a year ago. Another increase is likely over last year's September-November average litter of 7.15 pigs which was 2½ percent below the preceding 5 year average.

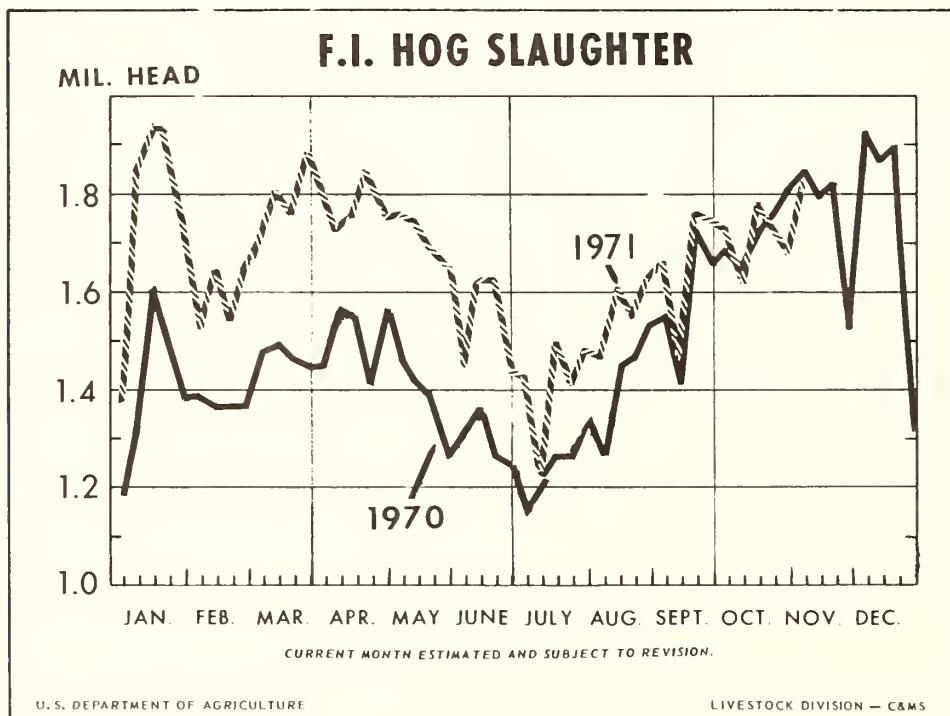
Winter slaughter will total well under a year earlier and will be smaller than in the fall. The spring kill will continue substantially under April-June 1971 rates.

Barrow and gilt prices at 7 markets averaged \$17.60 per 100 pounds during January-March this year and only \$17.30 in April-June. In the first half of 1972, hog prices will be materially higher than they were this year and will likely follow a more normal seasonal rise into

Hog prices per 100 pounds, 7 markets

Month	Barrows and gilts		Sows	
	1970	1971	1970	1971
	Dollars	Dollars	Dollars	Dollars
January	27.40	16.30	23.25	12.74
February	28.23	19.43	24.96	16.68
March	25.94	17.13	23.75	15.28
April	24.02	16.19	21.60	14.47
May	23.53	17.43	19.20	14.84
June	24.04	18.38	18.31	15.07
July	25.13	19.84	18.90	15.86
August	22.12	19.07	17.85	15.77
September	20.35	18.91	17.24	16.08
October	17.91	19.80	14.99	16.95
November	15.69		12.31	
December	15.67		11.28	
Average	21.95		17.83	

¹ Average for all weights at Midwest markets.



the summer than the rather uneven movement during January-June 1971.

Second Half Slaughter To Continue Below Year Earlier

Hog producers in 10 Corn Belt States plan to have 11 percent fewer sows farrow during December 1971-February 1972. Hog prices in 1971 have been relatively low in relation to corn prices and the hog-corn price ratio has been rather low, although it has increased this fall, reaching 19.5 (farm basis) in October. In the past, feeding ratios have had to be favorable for several months before producers have reacted and increased output. Thus, producers may continue cutting production throughout the spring farrowing season next year. However, late spring farrowings (March-May) may be down by a smaller margin than in December-February.

Pigs born in the first half of 1972 will be slaughtered in the second half of the year. Thus, summer and fall slaughter in 1972 likely will continue smaller than this year but the decrease may become less late in the year.

Hog prices next summer will exceed this year's mid-July peak of nearly \$20 at 7 markets and may approach the 1970 summer weekly top of \$25.40. Prices will drop seasonally in the fall of 1972 but likely will average above prices this fall.

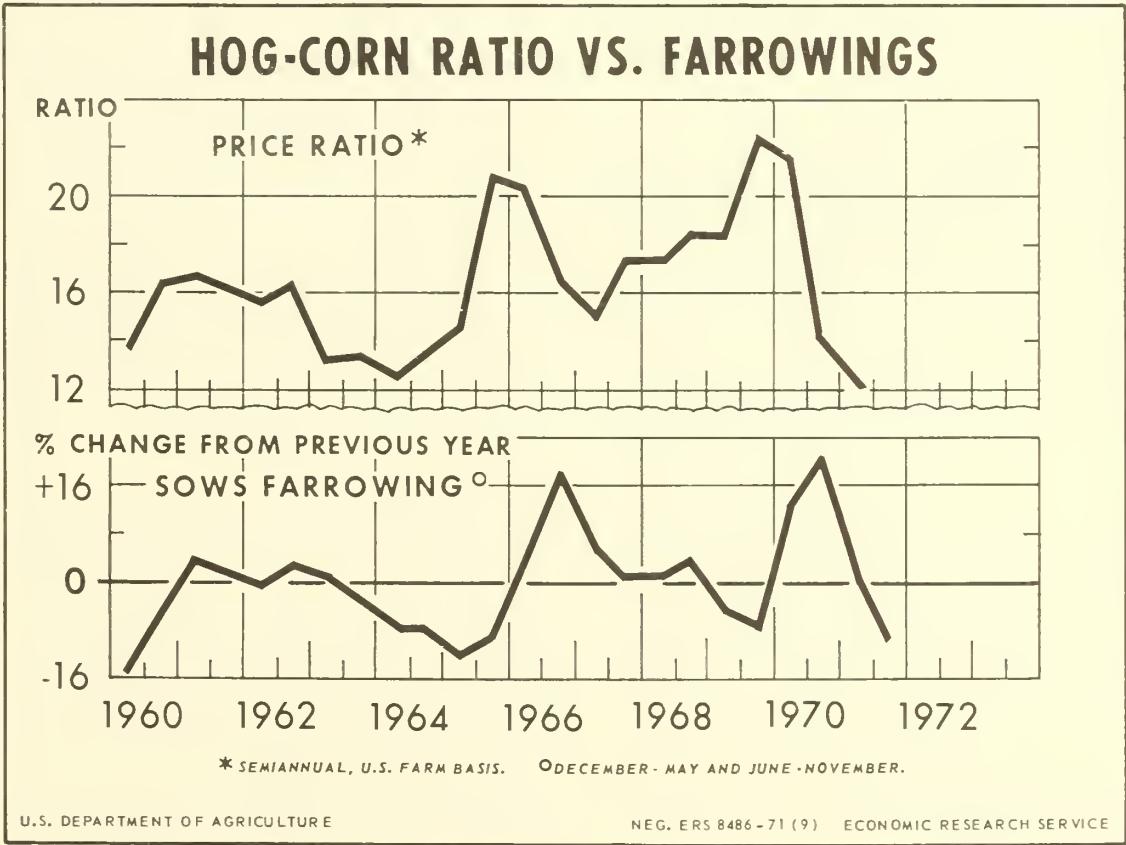
Hog-Corn Price Ratio To Go Higher

Last fall and winter, the hog-corn price ratio averaged between 11 and 12, the lowest since the mid 1950's. There was little change until after mid-1971 when the ratio increased as the result of declining corn prices. Corn prices dropped rapidly in the summer as the indicated large increase in the 1971 crop, up 35 percent, became more certain. In June the farm price of corn averaged \$1.43 per bushel, but by October corn had declined to \$1. Hog prices weren't much different than in July.

The hog-corn ratio will become more favorable for hog production in 1972 as hog prices will rise and corn prices will stay low. The ratio likely will run above 20

Hog-corn price ratio, farm basis

Month	1969	1970	1971
January	17.3	23.6	10.7
February	18.0	24.1	13.4
March	18.3	22.7	11.8
April	17.6	20.7	11.3
May	18.7	19.5	12.3
June	20.3	19.2	12.2
July	21.1	19.2	14.0
August	21.9	17.0	15.6
September ...	21.7	14.3	16.1
October	22.1	13.4	19.5
November ...	23.4	11.9	
December ...	23.7	11.1	
Year	20.3	18.0	



for most of the first half. When price ratios exceed this level for an extended period, hog producers usually begin increasing production. They are apt to be in that kind of situation next summer.

Summer Sow Slaughter Down

In the first half of 1971 estimated commercial sow slaughter rose nearly a third above last year, indicating reductions in the breeding herd. However, in the summer, sow slaughter fell 10 percent. Low summer sow slaughter suggests that older breeding stock has been slaughtered and the breeding herd now is made up of younger hogs.

Feeder Pig Prices Up

Feeder pig prices have been rising all year, increasing from almost \$11 per head in January for 40 to 60 pounders to nearly \$17.50 in early November, \$3.50 higher than the unusually low prices a year earlier. With the record supply of corn this year and a small fall pig crop, the feeder pig market is expected to continue firm through the first half of 1972.

Pork Storage Stocks Up

On October 1 there were 311 million pounds of pork in cold storage, up nearly 50 percent from a year ago. Stocks slipped off 6 percent during September, but increases are likely this winter. With hog prices running above a year ago and slaughter supplies down sharply, the seasonal accumulation of pork this winter will be smaller than it was last year.

Heavier Market Weights in 1972

Changes in the market weight of slaughter hogs will influence the volume of pork produced next year. Slaughter weights were slightly lighter this year, reducing the supply of pork. But a record volume of low-priced feed grains will contribute to heavier slaughter weights in 1972.

The November Crop report indicated 1971 feed grain

Average liveweight of barrows and gilts, 7 markets

Month	1968	1969 ¹	1970	1971
	Pounds	Pounds	Pounds	Pounds
January	239	233	242	235
February	235	229	236	231
March	235	230	238	231
April	238	234	243	236
May	240	237	246	241
June	238	238	243	239
July	231	232	234	234
August	227	226	227	230
September	228	229	230	229
October	234	234	234	234
November	237	239	238	
December	235	241	237	
Year	235	234	237	

¹ 8 markets prior to 1969.

production will be up 29 percent from 1970, and the corn crop—estimated at 5.6 billion bushels—will be up 35 percent. Corn prices are down sharply from summer. In early November, No. 2 yellow corn at Omaha was quoted at \$1.14 per bushel, down 21 cents from a year earlier and 34 cents below midyear.

SHEEP AND LAMBS

Inventory Decline Continues

Liquidation of the sheep and lamb inventory is continuing in 1971 for the 12th consecutive year. Sheep and lambs declined nearly a million head in 1969 and another 700,000 last year. The reduction in 1971 probably will be a little sharper than last year. Since 1960, when the inventory was at its most recent peak, sheep and lamb numbers have dropped at an average annual rate of 4 percent. The beginning inventory this year totaled 19.6 million, down 4 percent from a year earlier and 41 percent below 1960.

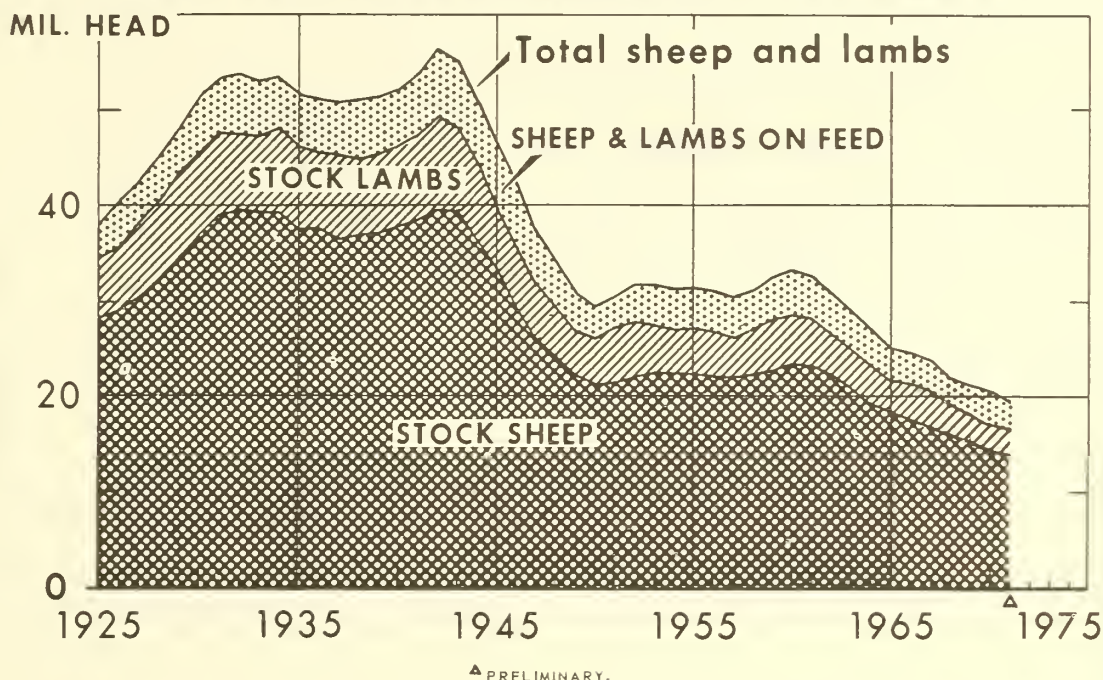
Through most of the 1960's lamb prices were relatively low even though consumer demand for red meat was strong. Annual killing rates declined but slaughter was large in relation to the number of lambs produced, and the inventory dropped steadily. While conditions have appeared generally more favorable for sheep production in recent years, the inventory has continued to shrink. Lamb prices have been the highest since the early 1950's and feed supplies have generally been adequate to support larger stock sheep numbers. But producers have continued to deplete the Nation's breeding herd. Very low market prices for wool in 1971 were discouraging to sheep producers even though the wool payment program maintains stable returns for wool. This, and severe drought conditions in the Southwest, contributed to the accelerated rate of liquidation this year.

Considering the increase in slaughter in the first 9 months of 1971, the inventory loss by the end of the year will likely be nearly 1 million head, even if slaughter rates drop below a year earlier during the rest of 1971. And while further reductions in stock sheep numbers may be smaller than this year, sheep producers probably will keep cutting back in 1972.

Slaughter To Drop

Commercial sheep and lamb slaughter totaled 8 million head during the first 9 months of this year, slightly above January-September 1970. Most of the increase came in the first quarter. The supply of lambs was only slightly smaller than a year earlier at the beginning of this year. January 1 inventories of old crop lambs were down 140,000 head, or 5 percent, but there were 77,000 more new crop lambs on farms, (those born after October 1), an increase of 6 percent. These changes resulted in only a small net decline in the number of lambs on farms. Sheep and lamb slaughter was up 6 percent in January-March largely because of the increase

SHEEP AND LAMBS ON FARMS, JANUARY 1



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 21-71 (3) ECONOMIC RESEARCH SERVICE

in new-crop lambs. April-September slaughter was about the same as a year earlier.

Slaughter rates climbed above a year ago again in October. This may have been due to a larger proportion of slaughter lambs coming off summer pasture and to fewer ewe lambs saved for replacement than last year.

Feeder Lamb Supplies Limited

The supply of feeder lambs is down this fall because of the smaller lamb crop and the likelihood that a larger proportion has been sold off grass for slaughter than in 1970. Consequently, despite a sharp increase in supplies of corn and lower corn prices, fewer lambs will be going into feedlots this fall and winter, and slaughter will decline.

Slaughter Down Next Year

Sheep and lamb slaughter will likely drop next year, reflecting the smaller fed lamb supplies in the winter and spring and a smaller early lamb crop than a year ago.

This year, in the South Central and Pacific regions, January-September commercial slaughter was up 383,000 head, or 14 percent, with most of the increase coming early in the year. This sharp rise more than offset a 253,000 head, or 10 percent decline in the North Central States, suggesting a further cutback in replacement stock in the Southwest. However, some of the increase in Texas slaughter and the reduced slaughter in the Corn Belt States probably resulted from a slack

feeding season in the Corn Belt because of scarce supplies and high prices of corn. Thus, more lambs were fed out in Texas.

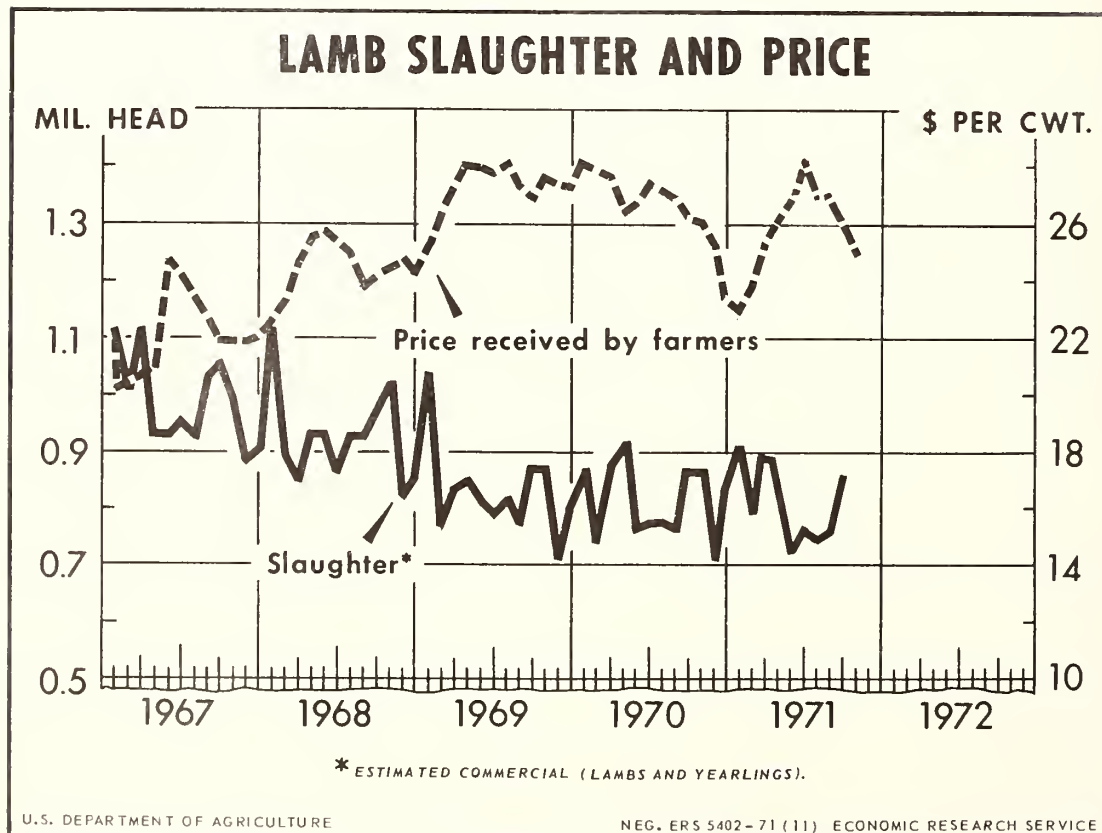
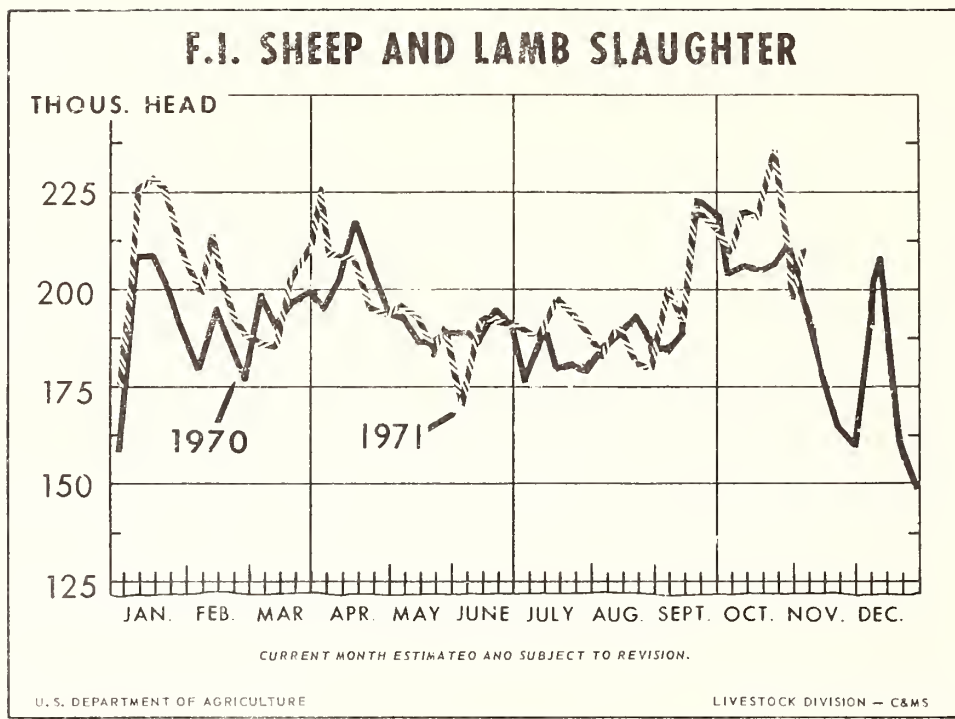
The unusually large slaughter in Texas and the Pacific Coast States this year doubtless reduced breeding stock in those states, and their lamb crop will be smaller next year. Since Texas and the Pacific Coast States produce more than two-thirds of the early lambs, the early lamb crop next year will be smaller than the large 1971 early crop. Inventory reductions likely occurred in the Mountain States also where slaughter rates were large.

Fewer breeding ewes on farms next year will mean a smaller lamb crop, perhaps down 5 percent or more. This will, of course, mean fewer lambs available for the slaughter market in the second half of 1972.

Prices To Be Mostly Unchanged

Choice slaughter lambs averaged \$27.40 per 100 pounds at San Angelo during January-October, about 55 cents lower than last year. In early November they were bringing \$26.50, about 75 cents under a year ago. Lamb prices are expected to remain steady to strong this fall and winter in contrast to a sharp break late in 1970 and early 1971. A strong cattle market will help maintain a firm lamb market into the winter.

A normal seasonal advance is likely on spring lamb prices next year but the peak probably won't be significantly different from 1971. Larger marketings of fed cattle will exert pressure on the lamb market and



lamb prices likely will run near 1971 levels despite smaller slaughter supplies.

Choice lamb prices per 100 pounds, San Angelo

Month	Slaughter lambs		Feeder lambs	
	1970	1971	1970	1971
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
January	28.81	24.06	29.81	24.00
February	28.06	24.12	29.50	24.75
March	31.06	28.05	30.88	28.05
April	28.35	29.06	28.50	27.44
May	27.75	29.69	27.12	26.76
June	27.41	30.05	26.25	25.65
July	27.00	29.06	25.25	24.69
August	27.06	28.12	25.44	25.75
September	26.85	25.70	26.60	24.95
October	27.19	26.06	26.19	25.19
November	25.81		24.56	
December	24.00		23.50	
Average	27.45		26.97	

FOREIGN TRADE IN MEATS

Meat imports in September were 38 percent larger than a year earlier. In the two preceding months imports were smaller than the year before. September imports totaled 298 million pounds (carcass weight equivalent). The largest increase was in beef and veal imports, 237 million pounds compared with 180 million pounds in September 1970. Imports of all major classes of meat were larger. Imports of mutton and goat amounted to 16 million pounds and far exceeded the unusually small imports of 372,000 pounds in September 1970.

In the first 9 months of 1971, however, meat imports were 2 percent smaller than the year before. Practically all of the decrease was due to smaller imports of beef and veal. Beef and veal imports totaled 1,344 million pounds in January-September, down 4 percent. Mutton and goat imports, 56 million pounds, were down by more than a fourth. Imports of lamb and pork were a little larger.

Meat exports, always small in relation to imports, totaled 12 million pounds (carcass weight equivalent) in September, 14 percent below a year earlier. Pork accounted for all of the decrease. In the first 9 months, meat exports totaled 83 million pounds; 11 percent more than the year before. Pork exports were down 5 percent but exports of beef and veal and lamb and mutton were up.

Imports of Meat Subject To Meat Import Law

Public Law 88-482, enacted in August 1964, provides that if imports of certain meats during the year—primarily beef and mutton—are estimated to equal or exceed 110 percent of an adjusted base quota, the President is required to invoke a quota on imports of these meats. The adjusted base quota for 1971 is 1,025.0 million pounds (product weight). The amount of

estimated imports which would trigger imposition of the quota is 110 percent of the adjusted base quota or 1,127.5 million pounds. The Secretary of Agriculture is required to maintain vigilance over prospective import quantities and to estimate the calendar year total before the beginning of each quarter of the year.

In March, calendar 1971 imports of meat subject to the Act were estimated above the level which would trigger imposition of quotas. The President on March 11 issued Proclamation 4037 pursuant to Section 2(c)(1) of Public Law 88-482 limiting imports of these meats. At the same time he suspended that limitation on the basis that this action is required by overriding economic interests of the United States, giving special weight to the importance to the nation of the economic well-being of the domestic livestock industry. He provided for a new restraint level that was set at 1,160 million pounds.

The Secretary of Agriculture announced on June 24 that the estimate of calendar 1971 imports of meat subject to the Meat Import Act was unchanged at 1,160 million pounds. The fourth quarterly estimate on September 30 also was 1,160 million pounds. The current estimate continues to be based primarily upon the program of voluntary restraint of shipments of these meats to the United States by principal supplying countries.

Imports of meat subject to the Meat Import Act were 159 million pounds (product weight) in September, record large for any single month. Bunching of shipments from exporting countries in anticipation of the East Coast shipping strike contributed to the sharp increase in September imports.

Imports of these meats totaled 858.8 million pounds (product weight) in January-September, 6 percent below imports in the first 9 months of 1970. If imports of these meats in 1971 reach the estimated total of 1,160 million pounds for the year, imports in October-December would have to exceed the unusually large 1970 fourth quarter imports by 17 percent. It does not seem probable that October-December imports will be that large.

The 1970 total imports of these meats was 1,170.4 million pounds, including 17.4 million pounds of rejections.

MEAT CONSUMPTION

Red meat consumption this year will be 5 pounds or more per person above the 186 pounds consumed in 1970. All of the increase which has already occurred was in pork. Beef consumption is running about the same as a year earlier. Both veal and lamb and mutton consumption are falling.

In 1972, total red meat consumption may not change much from 1971. Moderate increases in beef consumption likely will be offset by declines in pork, veal, and lamb and mutton.

Beef consumption this year will average about the same as the 113.7 pounds per person consumed last

year. Beef production in 1971 is up 1 to 2 percent over a year earlier, but imports of beef may fall short of 1970 levels due in part to the dock strikes on the East, West, and Gulf ports and reduced entries of preserved beef. The small gain in beef production this year reflects the dramatic increase in feed costs in the fall of 1970 and during the first 3 quarters of 1971. Corn Belt feeders fed fewer cattle and they also marketed their cattle at somewhat lighter weights.

Beef consumption in 1972 likely will rise 2 to 4 pounds per person. With plenty of low-cost feed on hand, cattle feeders will feed more cattle and slaughter weights probably will be up. Estimates on the probable level of beef imports in 1972 will not be announced until about the first of the year.

Veal consumption is dropping again this year, perhaps to 2.7 pounds per person. This would be 0.2 pound less than in 1970 and only half as much as in

1965. Another drop in per capita veal consumption is likely in 1972 because further reductions in the dairy herd are underway this year and strong demand for feeder cattle will continue in 1972.

Pork consumption will top 72 pounds per person in 1971, about 6 pounds more than last year. This will be the largest consumption since 1952. Next year, pork consumption will fall 2 to 4 pounds because hog producers are reducing output in response to the low hog prices and high corn prices in late 1970 and early 1971. Hog producers plan further reductions in farrowings in early 1972.

Lamb and mutton consumption in 1971 is running the same as or a little below the 3.3 pounds consumed per person in 1970. The Nation's sheep herd is declining in 1971 so next year's lamb crop will be reduced further. Thus, consumption in 1972 probably will be moderately smaller than in 1971.

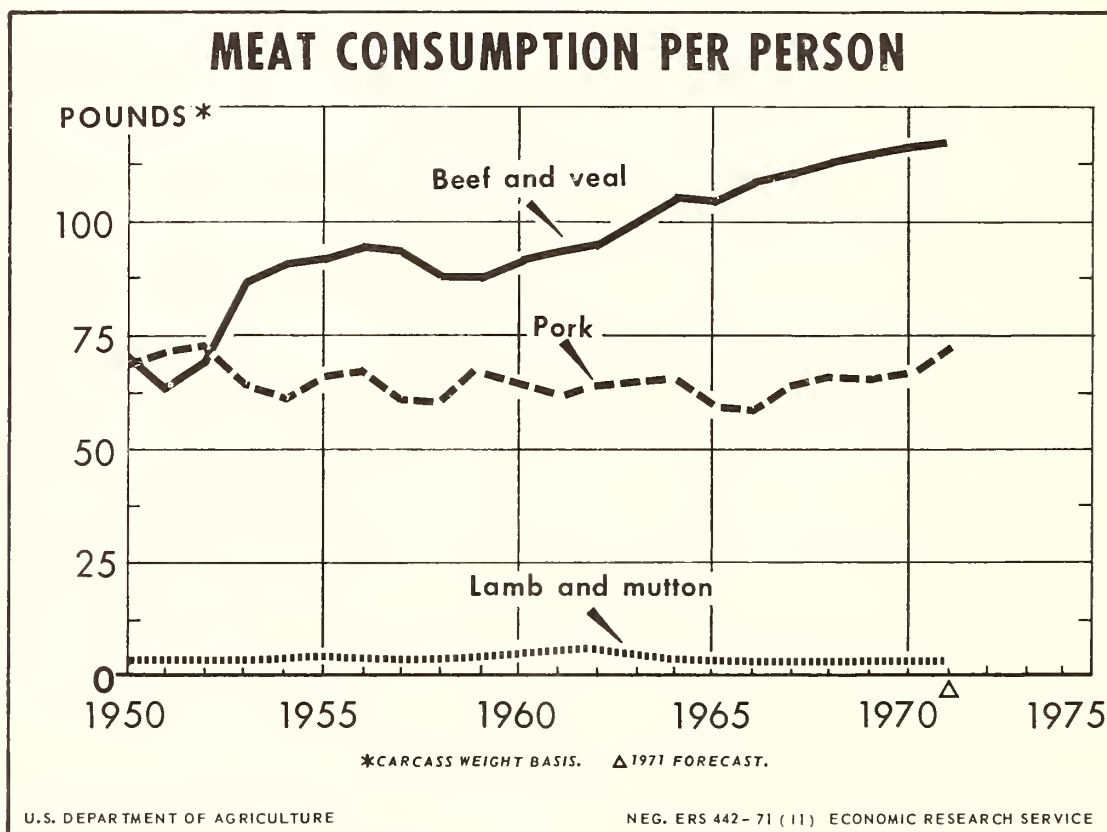


Table 3.—Average retail price of meat per pound, United States, by months, 1966 to date

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Beef, Choice grade													
1966	81.0	83.1	84.1	84.6	83.8	81.7	81.5	81.7	82.2	81.3	80.3	83.6	82.4
1967	80.4	80.9	80.8	80.4	79.6	81.9	83.3	84.0	85.5	85.3	84.4	85.3	82.6
1968	84.3	85.1	85.6	85.6	85.8	85.8	87.1	87.0	88.4	87.7	88.1	88.5	86.6
1969	89.5	89.6	90.9	93.3	97.8	101.9	102.4	101.1	99.1	95.2	96.5	96.9	96.2
1970	97.5	97.3	99.4	99.9	99.4	98.5	100.7	100.4	98.7	97.9	97.6	96.5	98.6
1971	97.2	101.3	102.2	104.0	104.8	105.7	104.7	105.7	105.9				
Veal, retail cuts													
1966	85.1	89.2	89.4	90.3	88.5	90.7	91.1	90.6	91.3	91.3	90.5	91.4	90.0
1967	92.0	90.1	91.4	92.8	93.3	93.7	93.9	96.1	96.3	96.7	97.4	97.2	94.2
1968	99.8	99.2	100.0	102.0	100.0	102.5	101.7	101.4	101.9	101.1	101.9	100.9	101.0
1969	102.5	103.7	104.6	107.5	108.6	112.5	114.0	115.0	115.1	115.2	114.6	116.3	110.8
1970	117.2	119.3	120.8	123.3	123.9	124.9	125.7	126.6	127.0	127.4	127.6	127.9	124.3
1971	128.9	129.5	130.8	133.2	134.2	135.4	139.3	140.2	140.6				
Pork													
1966	80.0	80.2	77.5	72.6	71.1	73.5	74.1	75.8	74.4	71.8	69.4	68.1	74.0
1967	67.5	66.2	64.5	63.2	65.0	70.0	71.0	70.2	69.3	66.6	66.6	64.9	67.2
1968	65.4	66.7	67.1	66.3	66.7	67.8	69.4	69.0	68.8	67.8	67.1	67.0	67.4
1969	67.9	68.6	69.0	69.1	71.6	75.0	76.9	78.3	78.9	78.7	78.1	79.7	74.3
1970	82.1	81.8	81.4	79.9	80.0	80.0	80.6	79.7	76.7	74.6	70.8	68.4	78.0
1971	68.4	69.4	69.9	68.7	68.2	69.6	71.4	71.6	71.0				
Lamb, Choice grade													
1966	81.8	85.8	87.6	86.4	85.6	86.6	86.8	86.3	85.2	84.9	86.1	84.5	85.6
1967	84.6	83.4	83.3	82.9	84.6	88.8	89.5	89.3	90.3	89.6	90.2	89.9	87.2
1968	89.8	90.4	92.0	92.5	93.3	93.7	94.5	93.6	93.1	94.5	94.2	93.5	92.9
1969	94.5	95.9	96.4	97.1	100.1	101.8	104.4	102.9	103.4	103.9	103.7	104.8	100.7
1970	104.8	104.8	104.7	105.6	103.9	105.7	106.0	106.3	106.3	105.9	105.9	106.4	105.5
1971	105.9	106.5	107.0	107.5	108.2	109.7	111.7	111.8	112.9				

Table 4.—Meat subject to U.S. import quota restriction: Product weight of imports by months, average 1959-63, 1964-71

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>
1959-63 average ..	47.3	49.6	57.5	54.3	48.5	58.6	67.1	84.1	76.1	61.6	56.1	61.4	722.2
1964	87.2	44.9	68.9	61.4	51.1	98.1	43.7	79.5	49.6	46.4	55.7	53.4	739.9
1965	28.2	34.5	68.7	32.4	52.3	41.9	58.5	59.9	62.2	64.4	57.2	53.7	613.9
1966	51.4	60.3	49.4	63.3	52.0	100.2	61.4	87.1	91.5	79.7	61.1	66.0	823.4
1967	77.4	58.5	61.9	58.8	51.5	69.6	88.7	92.2	89.8	91.8	82.3	72.4	894.9
1968	80.7	72.6	64.1	78.4	56.1	105.1	86.4	108.6	115.5	102.1	95.8	35.6	1,001.0
1969 ¹	41.9	50.4	136.1	90.0	80.5	85.7	107.1	141.8	121.4	108.4	51.4	69.4	1,084.1
1970 ¹	124.5	100.7	112.0	88.7	62.1	93.4	110.0	113.0	107.6	89.3	79.3	89.8	1,170.4
1971	83.4	65.1	88.4	86.2	76.8	101.0	94.4	104.9	158.6				

¹ Rejections for calendar year 1969 equaled 13.5 million pounds, and 17.4 million pounds for 1970.

Table 5.—U.S. meat imports and exports and percentage comparisons (carcass weight), 1970 and 1971

Months	Beef and veal			Lamb and mutton ¹			Pork			Total meat		
	1970	1971	Change	1970	1971	Change	1970	1971	Change	1970	1971	Change
	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Pct.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Pct.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Pct.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Pct.</i>
IMPORTS												
January ..	186	128	-31	17	9	-44	25	35	+41	228	172	-24
February ..	149	100	-33	13	6	-57	43	38	-13	205	144	-30
March	168	137	-19	15	10	-37	43	47	+9	226	193	-15
April	129	134	+34	13	9	-30	42	39	-8	184	181	-2
May	97	119	+23	8	12	+45	37	40	+8	142	171	+20
June	138	165	+20	16	13	-18	42	41	-1	196	219	+12
July	166	150	-10	19	9	-51	40	42	+4	225	201	-11
August ...	180	175	-3	7	3	-60	31	38	+26	218	216	-1
September ..	180	237	+32	3	20	+545	32	41	+25	215	298	+38
October ..	156			3			39			198		
November ..	129			3			38			170		
December ..	138			5			37			180		
Total ...	1,816			122			449			2,387		
EXPORTS												
January ..	3.57	3.45	-3	0.17	.17	+4	4.47	4.55	+2	8.21	8.17	-0.4
February ..	2.77	4.22	+52	.12	.17	+48	4.37	3.68	-16	7.26	8.07	+11
March	3.11	5.61	+81	.14	.24	+75	4.05	3.36	-17	7.30	9.22	+26
April	3.17	5.27	+66	.13	.17	+36	3.79	3.78	0	7.09	9.22	+30
May	3.72	4.43	+19	.15	.18	+27	4.13	4.88	+18	8.00	9.49	+19
June	3.43	4.63	+35	.20	.13	-35	4.18	4.65	+11	7.81	9.41	+20
July	3.50	3.63	+40	.10	.11	+2	4.66	3.46	-26	8.26	7.20	-13
August ...	2.75	3.54	+29	.24	.21	-15	4.52	7.12	+58	7.51	10.86	+45
September ..	2.67	4.10	+53	.10	.18	+75	10.98	7.52	-32	13.75	11.80	-14
October ..	3.46			.14			9.15			12.75		
November ..	3.63			.13			8.84			12.60		
December ..	4.01			.13			5.24			9.38		
Total ...	39.79			1.75			68.38			109.92		

¹ Includes goat meat.

HIDES AND SKINS

BY

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ABSTRACT: Continued increases in cattle hide supplies are expected to more than offset declines in supplies of sheep, goat, and calf skins for tanning. Demands for domestic leather have been reduced by decreased domestic shoe production, increased shoe imports, increases in nonleather shoe materials and expanding leather imports. These changes have resulted in exports becoming a major outlet for U.S. hides. Current changes in international monetary exchange rates and the temporary 10 percent import surcharge may reverse some of these situations affecting domestic leather production. However, expanding hide supplies will keep their prices from increasing appreciably.

KEY WORDS: Hides, skins, leather substitutes, shoes.

Strong consumer demand for beef assures production of an abundant number of hides for manufacture into leather. However, sheep, goat and calf slaughter is likely to continue downward, resulting in a reduction of available skins. Total hides and skins—raw material for tanning—will increase since cattle hide constitutes the principal source. The price that packers receive for this byproduct depends upon the demand by tanners and export demand. These components of demand have undergone some changes in the past, and future changes will depend upon economic as well as other considerations.

Demand

The demand by tanners is strongly influenced by the number of shoes produced, since most hides are used in shoe production (figure 1 and table 1). Domestic shoe

production has been declining since 1968 when 642 million pairs were produced. Only 559 million pairs were produced in 1970. In the first 8 months of 1971, shoe production decreased nearly 5 percent from a similar period of 1970. The general reduction mainly reflects foreign competition. Imports of leather and other nonrubber shoes captured about 30 percent of the total U.S. shoe market in 1970. Shoe imports have steadily increased over the years (table 2). We import most of our leather shoe imports from Italy and Spain (table 3). Current changes underway in monetary exchange rates and the temporary 10 percent import surcharge may offset some of the economic advantage enjoyed by countries exporting shoes to the United States.

Man-made substitutes for leather further complicate the demand picture for hides. Research has developed materials that will outwear leather soling materials. In addition, some of these materials can be molded on the

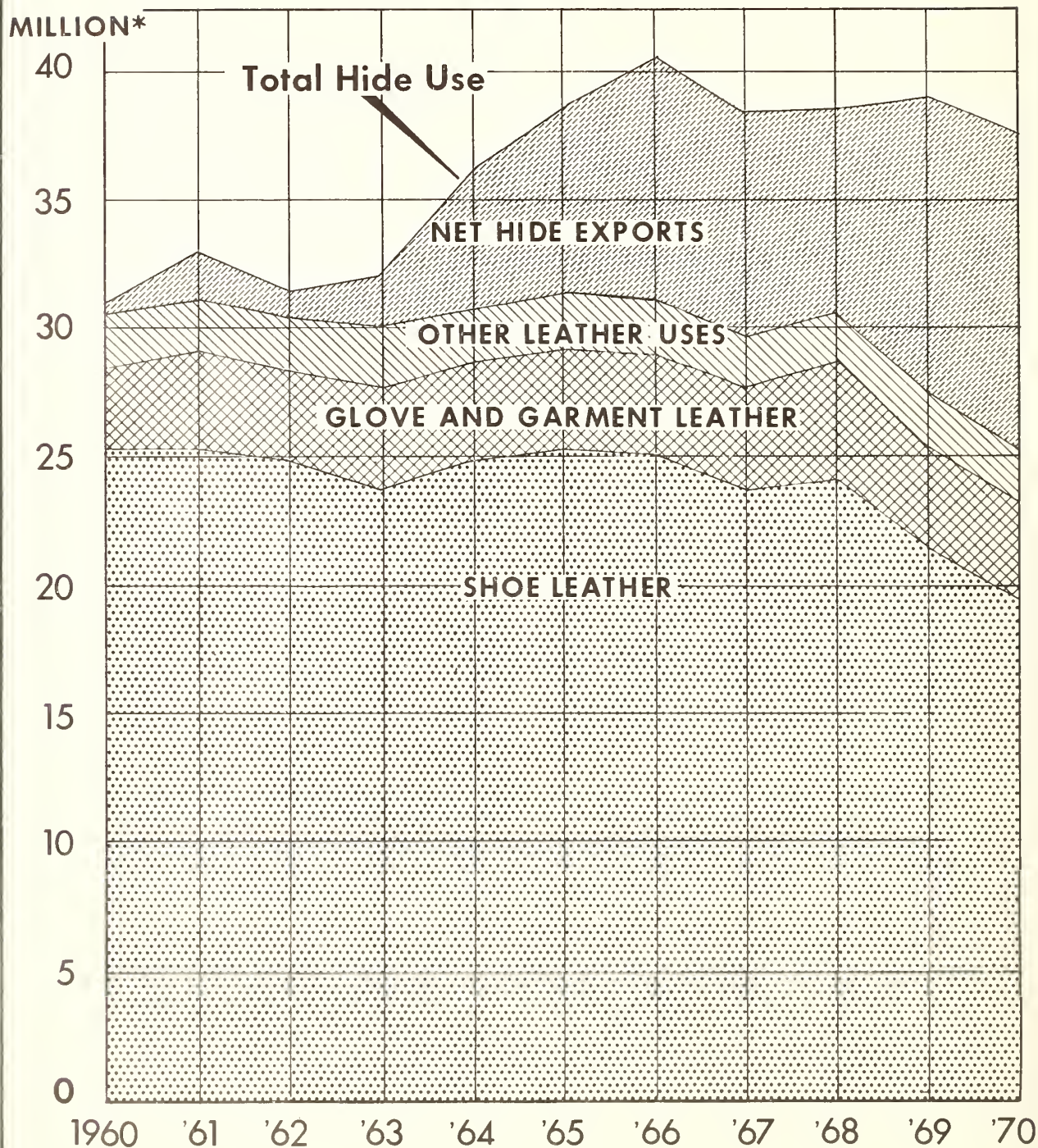
Table 1.—Apparent U.S. equivalent cattle hide disappearance by major use

Year	Hides used for shoes		Hides used for gloves and garments		Hides for other leather uses		Net hide exports		Total disappearance
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number
	1,000		1,000		1,000		1,000		1,000
1960	25,142	80.9	3,484	11.2	2,001	6.5	440	1.4	31,067
1961	25,422	77.0	3,778	11.4	1,930	5.8	1,909	5.8	33,039
1962	24,991	79.2	3,459	10.9	1,961	6.2	1,155	3.7	31,566
1963	23,838	74.0	4,026	12.5	2,177	6.8	2,160	6.7	32,201
1964	24,929	68.7	3,772	10.4	2,195	6.1	5,388	14.8	36,284
1965	25,351	65.2	3,855	9.9	2,246	5.8	7,419	19.1	38,871
1966	25,131	62.1	3,881	9.6	2,153	5.3	9,316	23.0	40,481
1967	23,894	62.0	3,940	10.2	1,982	5.2	8,700	22.6	38,516
1968	24,151	62.4	4,566	11.8	2,111	5.5	7,842	20.3	38,670
1969	21,568	55.2	3,825	9.8	2,096	5.4	11,580	29.6	39,069
1970	19,551	51.9	3,790	10.1	1,833	4.9	12,462	33.1	37,636

Source: Data on leather production from cattle hides, calf skins, sheep skins and goat skins and net exports of raw skins from

Tanners Council of America converted to equivalent cattle hides.

EQUIVALENT HIDE DISAPPEARANCE BY MAJOR USE



* EQUIVALENT CATTLE HIDES.

U.S. DEPARTMENT OF AGRICULTURE

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FIGURE 1

Table 2.—Apparent U.S. consumption of leather and other nonrubber footwear

Year	All or part leather uppers				Non-leather uppers				Total domestic production and imports
	Domestic		Imports		Domestic		Imports		
	Number of pairs	Percent	Number of pairs	Percent	Number of pairs	Percent	Number of pairs	Percent	
	1,000		1,000		1,000		1,000		1,000
1965	499,077	69.9	34,722	4.9	127,151	17.8	52,909	7.4	713,859
1966	500,283	67.8	46,034	6.2	141,413	19.2	50,101	6.8	737,831
1967	446,895	61.3	61,550	8.4	153,069	21.0	67,587	9.3	729,101
1968	438,065	53.6	86,195	10.5	204,362	25.0	89,097	10.9	817,719
1969	414,018	53.6	95,851	12.4	162,943	21.1	99,629	12.9	772,441
1970	389,051	48.9	120,051	15.1	170,182	21.4	115,631	14.6	794,915

Source: U.S. Department of Commerce and Tanners Council of America.

Table 3.—Percentage shares of U.S. cattle hide exports and U.S. leather footwear imports by selected countries, 1968, 1969, 1970

Country	1968		1969		1970	
	Share of U.S. cattle-hide exports	Share of leather footwear imported	Share of U.S. cattle-hide exports	Share of leather footwear imported	Share of U.S. cattle-hide exports	Share of leather footwear imported
	Percent	Percent	Percent	Percent	Percent	Percent
Japan	40.8	1.3	40.6	1.1	40.8	1.2
Mexico	14.3	2.8	11.6	2.4	13.4	3.1
U.S.S.R.	3.0	*	8.3	*	9.8	*
Canada	8.2	.9	6.9	.8	5.0	.9
Germany, West	6.1	1.0	5.1	1.3	4.7	1.4
Netherlands	4.6	*	3.6	*	2.2	*
Italy	1.5	63.0	2.9	58.6	2.2	62.1
Romina .....	.6	.7	2.6	.6	3.0	.5
United Kingdom	2.2	3.1	2.2	3.2	1.1	2.2
Czechoslovakia	2.3	2.3	2.1	2.7	3.3	1.5
Poland	1.8	**	1.9	.1	1.0	.3
Yugoslavia	1.1	.2	1.8	.2	3.0	.2
France	2.4	3.0	1.8	2.3	1.9	2.4
Spain	2.5	15.9	1.8	20.6	1.7	16.5
Republic of Korea	2.6	.3	1.7	.3	1.8	.4
Taiwan .....	.8	.1	.8	.2	1.2	.1
Israel .....	.9	*	.9	*	.7	*
Turkey .....	.9	*	.8	*	.7	*
Philippines .....	.7	*	.4	*	.4	*
Others	2.7	5.4	2.2	5.6	2.1	7.2
Total	100	100	100	100	100	100

*Included with Others if they export leather footwear. **Less than .1 percent.

shoe upper, reducing the labor required to finish the shoe. As a result, leather has been largely replaced by man-made materials for shoe soles. Only 16 percent of the domestic shoes have leather soles.

The development of leather replacement materials for shoe uppers has not been so successful. Materials have been developed that will allow moist air to pass out but they do not wick moisture away or stretch as does leather. Nonporous materials are available but are not as comfortable as leather when used in shoes. Despite the disadvantages, sheet vinyls and fabric backed vinyls are cheaper than leather and do compete effectively with leather uppers in the manufacture of low-priced shoes. In 1970, two-thirds of domestic shoes had all-leather

uppers, a slight increase from the low in 1968. Among imported footwear, shoes with supported vinyl uppers declined in 1970 to 43 percent (103 million pairs) from 46 percent (90 million pairs) in 1969. Research on synthetics will continue and may provide additional new and lower cost materials in the future.

Imported leather also competes with domestic hides and skins. Imports of cattle hide leather, the principal type imported, reached 115 million square feet, or about 14 percent of domestic production in 1970. This was an increase over the 88 million square feet (10 percent of domestic production) in 1969. About half of these are supplied by Argentina, Brazil, Colombia, and Uruguay. A substantial portion is rough tanned leather requiring

further finishing.¹ In the first 7 months of 1971, 35 million of the 66 million square feet of leather imported were in the category of other leather which includes crust (dry rough tanned leather) and rough tanned leather. Many less developed countries which produce hides and skins are developing or have developed tanning industries—mainly rough tanning rather than finishing.

The impact of decreased shoe production in the United States, larger shoe imports, acceptance of leather substitutes, and expanding leather imports can be seen in the domestic production of leather (figure 1). The drop in domestic shoe production since 1968 has caused a drop in domestic leather production. The quantity of leathers produced for gloves and garments has remained about constant as has the quantity of leather produced for other uses. The change in domestic leather production has resulted in exports becoming a major outlet for domestic hides.

Hide Exports

Most hides exported are cattle hides, although a few calfskins are also exported. The United States is a net importer of sheep and goat skins. Japan is the largest buyer of U.S. cattle hides followed by Mexico and the USSR (table 4). Japan imports the largest number of hides from all sources, followed closely by Italy.²

¹ U.S. Industrial Outlook, 1971, Bureau of Domestic Commerce, U.S. Department of Commerce, Chapter 13, pp. 147-148.

² Foreign Agricultural Circular, World Cattle Hide, Calf and Kip Skin Production and Trade, 1969, For. Agric. Serv. USDA, Nov. 1970, pp. 6-11.

Given the shrinking domestic shoe leather market, the export market assumes added importance and has tended to put a floor under hide prices. Prices for heavy native steer hides at Chicago ranged from 10.3 to 17.5 cents per pound on an annual average from 1960 to 1970. This is little different from the 9.1 to 17.0 cents per pound general range during the decade of the 1930's, excluding the worst depression year. In 1970, heavy native hides at Chicago averaged 12.7 cents per pound.

The export demand for hides appeared strong before the current changes underway in monetary exchange rates and the temporary 10 percent import surcharge. Argentina, the second major exporter, announced in May, 1971 hide quotas which would reduce their exports to about half of their 7.5 million pieces exported in 1970. Although the principal importers of U.S. cattle hides are not major exporters of shoes with leather uppers to this country (table 3), the new Argentine export quota could change this relationship. Current international monetary adjustments may increase cattle hide exports to those countries which use the hides domestically. At the same time, monetary adjustments would tend to limit our imports of shoes and leather, thereby reducing world hide export demand. Any reductions in our shoe imports would stimulate demand for the domestic tanning industry which would in turn buy more hides. Unless the wage-price freeze distorts the usual price relationship between hides for domestic and foreign uses, expanding supplies of hides will help keep hide prices from increasing by any great amount.

Table 4.—Cattle hides: Quantity of U.S. exports, reported in pieces, by destination, average 1961-65, annual 1966-70

Destination	Average 1961-65	1966	1967	1968	1969	1970 ¹
	<i>1,000 pieces</i>	<i>1,000 pieces</i>	<i>1,000 pieces</i>	<i>1,000 pieces</i>	<i>1,000 pieces</i>	<i>1,000 pieces</i>
Japan	3,435	3,994	4,197	5,258	6,006	6,206
Mexico	745	803	1,551	1,844	1,721	2,045
USSR	379	1,230	1,836	383	1,223	1,492
Canada	669	1,720	849	1,051	1,013	762
Germany, West	879	775	575	792	760	714
Netherlands	1,187	1,150	323	598	538	332
Italy	279	710	56	199	432	336
Romania	48	474	145	77	379	449
United Kingdom	211	504	99	285	329	166
Czechoslovakia	71	257	191	297	312	499
Poland	78	349	218	238	274	152
Yugoslavia	107	269	312	147	272	459
France	84	234	207	303	263	287
Spain	173	369	271	323	262	260
Korea, Republic of	71	142	170	332	257	272
China, Taiwan	41	28	72	105	125	188
Israel	94	86	98	115	127	109
Turkey	298	441	375	110	124	113
Philippines, Republic of	29	57	84	88	64	63
Others	631	597	223	334	300	321
Total	9,509	14,189	11,852	12,879	14,781	15,225

¹ Preliminary.

Source: Livestock and Meat Products Division Foreign Agriculture Service, USDA.

**Supply and distribution of commercially produced meat, by months,
carcass weight, April 1971 to date**

Meat and period	Supply			Distribution				
	Production ¹	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption	
							Total	Per person ²
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Pounds</i>
Beef:								
April	1,774	302	132	10	290	58	1,850	9.1
May	1,760	290	117	10	285	35	1,837	9.1
June	1,912	285	164	9	297	46	2,009	9.9
2nd quarter	5,446	302	413	29	297	139	5,696	28.1
July	1,849	297	149	11	312	24	1,948	9.6
August	1,834	312	174	9	333	27	1,951	9.6
September	1,890	333	235	10	348			
3rd quarter	5,573	297	558	30	348			
Veal:								
April	44	9	2	(³)	9	3	43	.2
May	42	9	2	(³)	10	3	40	.2
June	43	10	2	1	9	2	43	.2
2nd quarter	129	9	6	1	9	8	126	.6
July	43	9	1	(³)	8	1	44	.2
August	42	8	1	(³)	8	1	42	.2
September	45	8	2	1	8			
3rd quarter	130	9	4	1	8			
Lamb and Mutton:								
April	50	20	9	1	20	1	57	.3
May	41	20	12	1	23	(³)	49	.2
June	42	23	13	(³)	23	1	54	.3
2nd quarter	133	20	34	2	23	2	160	.8
July	41	23	9	1	21	(³)	51	.2
August	41	21	3	1	19	(³)	45	.2
September	47	19	20	1	20			
3rd quarter	129	23	32	3	20			
Pork:								
April	1,295	389	38	12	467	21	1,222	6.0
May	1,189	467	40	14	498	20	1,164	5.7
June	1,197	498	41	14	476	26	1,220	6.0
2nd quarter	3,681	389	119	40	476	67	3,606	17.7
July	1,058	476	42	14	405	6	1,151	5.7
August	1,152	405	38	17	332	7	1,239	6.1
September	1,222	332	41	20	311			
3rd quarter	3,432	476	121	51	311			
Total meat:								
April	3,163	720	181	23	786	83	3,172	15.6
May	3,032	786	171	25	816	58	3,090	15.2
June	3,194	816	220	24	805	75	3,326	16.4
2nd quarter	9,389	720	572	72	805	216	9,588	47.2
July	2,991	805	201	26	746	31	3,194	15.7
August	3,069	746	216	27	692	35	3,277	16.1
September	3,204	692	298	32	687			
3rd quarter	9,264	805	715	85	687			

¹ Excludes production from farm slaughter. ² Derived from estimates by months of population eating out of civilian food supplies. ³ Less than 500,000 pounds.

Selected price statistics for meat animals and meat

Item	1970		1971		
	Sept.	Oct.	Aug.	Sept.	Oct.
<i>Dollars per 100 pounds</i>					
CATTLE AND CALVES					
Beef steers, slaughter, Omaha					
Prime	30.29	29.38	34.47	33.72	33.18
Choice	29.32	28.67	33.24	32.62	32.34
Good	27.95	27.49	31.11	30.94	31.11
Standard	25.39	24.44	26.88	27.36	27.96
Utility	24.01	—	24.00	25.27	26.27
All grades	28.97	28.44	32.77	32.21	32.11
Choice 900-1100 pounds, California	29.65	29.25	32.75	32.60	32.47
Choice 900-1100 pounds, Colorado	29.47	28.48	33.34	32.63	32.05
Cows, Omaha					
Commercial	20.65	20.52	21.25	21.45	21.96
Utility	21.13	20.84	21.72	21.84	22.30
Cutter	20.22	19.73	20.66	20.46	20.90
Canner	19.21	18.64	19.30	18.94	19.55
Vealers, Choice, S. St. Paul	44.45	44.98	46.55	48.46	48.10
Stocker and feeder steers, Kansas City ¹	28.99	29.68	32.41	31.72	34.07
Price received by farmers					
Beef cattle	26.80	26.50	29.20	29.10	29.10
Cows	19.90	19.70	21.00	20.80	20.80
Steers and heifers	28.60	28.50	31.40	31.30	31.30
Calves	33.80	34.00	36.30	36.30	36.80
Beef steer-corn price ratio ²	20.7	21.2	26.4	28.0	27.9
HOGS					
Barrows and gilts, U.S. No. 1 and 2, Omaha					
180-200 pounds	—	—	—	—	—
200-220 pounds	20.82	18.46	19.63	19.19	20.19
220-240 pounds	20.79	18.31	19.58	19.19	20.11
Barrows and gilts, 7 markets ³	20.35	17.91	19.07	18.91	19.80
Sows, 7 markets ³	17.24	14.99	15.77	16.08	16.95
Price received by farmers	19.70	17.90	18.60	17.90	19.50
Hog-corn price ratio ⁴					
Omaha, barrows and gilts	14.5	13.2	15.1	16.3	17.0
Price received by farmers, all hogs	14.3	13.4	15.6	16.1	19.5
SHEEP AND LAMBS					
Sheep					
Slaughter ewes, Good, San Angelo	8.70	9.38	9.00	8.20	7.62
Price received by farmers	7.16	7.09	6.57	6.26	5.75
Lambs					
Slaughter, Choice, San Angelo	26.85	27.19	28.12	25.70	26.06
Feeder, Choice, San Angelo	26.60	26.19	25.75	24.95	25.19
Price received by farmers	26.20	26.10	27.00	25.80	25.10
ALL MEAT ANIMALS					
Index number price received by farmers (1967=100)	116	112	122	120	123
<i>Dollars per 100 pounds</i>					
MEAT					
Wholesale, Chicago, Carlot					
Steer beef carcass, Choice, 600-700 pounds	47.38	45.91	53.99	52.75	51.60
Heifer beef, Choice, 500-600 pounds	46.04	44.76	52.85	51.58	50.74
Cow beef, Canner and Cutter	44.93	43.04	46.78	46.74	45.57
Lamb carcass, Choice, 45-55 pounds	58.20	58.40	62.99	59.47	59.84
Fresh pork loins, 8-14 pounds	51.64	45.85	46.80	45.99	48.69
<i>Cents per pound</i>					
Retail, United States average					
Beef, Choice grade	98.7	97.9	105.7	105.9	
Pork, retail cuts and sausage	76.7	74.6	71.6	71.0	
Lamb, Choice grade	106.3	105.9	111.8	112.9	
Index number all meats (BLS)					
Wholesale (1967=100)	113.9	109.9	115.5	115.5	115.7
Retail (1967=100)	118.4	117.1	118.4	118.8	
Beef and veal	121.0	120.6	126.8	127.7	
Pork	116.5	113.2	106.9	106.4	

¹ Average all weights and grades. ² Bushels of No. 2 Yellow Corn equivalent in value to 100 pounds of slaughter steers sold out of first hands, Omaha, all grades. ³ St. Louis N.S.Y., Kansas City,

Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis. ⁴ Number bushels of corn equivalent in value to 100 pounds of live hogs.

**Selected marketing, slaughter and stocks statistics for meat
animals and meat**

Item	Unit	1970		1971		
		Sept.	Oct.	Aug.	Sept.	Oct.
Meat animal marketings Index number (1967=100)		115	134	107	117	125
6-State Cattle on Feed Report						
Number on feed	1,000 head	6,403	6,527	6,586	6,462	6,696
Placed on feed	1,000 head	1,532	1,904	1,295	1,692	2,145
Marketings	1,000 head	1,408	1,435	1,419	1,463	1,423
Slaughter under Federal inspection						
Number slaughtered						
Cattle	1,000 head	2,723	2,752	2,720	2,788	
Steers	1,000 head	1,420	1,407	1,412	1,448	
Heifers	1,000 head	796	805	788	801	
Cows	1,000 head	459	496	468	486	
Bulls and stags	1,000 head	48	45	52	53	
Calves	1,000 head	264	266	220	239	
Sheep and lambs	1,000 head	898	917	812	919	
Hogs	1,000 head	7,034	7,662	6,922	7,379	
Percentage sows	Percent	7	7	8	7	
Average live weight per head						
Cattle	Pounds	1,028	1,031	1,018	1,018	
Calves	Pounds	203	203	217	211	
Sheep and lambs	Pounds	101	103	99	100	
Hogs	Pounds	237	240	236	237	
Average production						
Beef, per head	Pounds	615	621	605	609	
Veal, per head	Pounds	115	114	122	118	
Lamb and mutton, per head	Pounds	50	51	49	49	
Pork, per head	Pounds	152	154	154	154	
Pork, per 100 pounds liveweight	Pounds	64	64	65	65	
Lard, per head	Pounds	22	23	20	22	
Lard per 100 pounds liveweight	Pounds	10	10	9	9	
Total production						
Beef	Mil. lbs.	1,670	1,705	1,640	1,692	
Veal	Mil. lbs.	30	30	27	28	
Lamb and mutton	Mil. lbs.	44	46	39	45	
Pork	Mil. lbs.	1,067	1,174	1,065	1,132	
Lard	Mil. lbs.	158	176	142	158	
Commercial slaughter ¹						
Number slaughtered						
Cattle	1,000 head	3,087	3,142	3,069	3,142	
Calves	1,000 head	352	353	291	316	
Sheep and lambs	1,000 head	945	965	856	959	
Hogs	1,000 head	7,642	8,352	7,512	7,995	
Total production						
Beef	Mil. lb.	1,868	1,913	1,834	1,890	
Veal	Mil. lb.	49	49	42	45	
Lamb and mutton	Mil. lb.	46	48	41	47	
Pork	Mil. lb.	1,156	1,278	1,152	1,222	
Lard	Mil. lb.	166	185	150	167	
Cold storage stocks first of month						
Beef	Mil. lb.	290	287	312	333	348
Veal	Mil. lb.	10	9	8	8	8
Lamb and mutton	Mil. lb.	23	21	21	19	20
Pork	Mil. lb.	218	210	405	332	311
Total meat and meat products ²	Mil. lb.	606	588	835	773	779

¹ Federally inspected and other commercial. ² Includes stocks of canned meats in cooler in addition to the 4 meats listed.

UNITED STATES DEPARTMENT OF AGRICULTURE
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